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41ST ANNUAL

CONSUMER EXPENDITURES STUDY

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BPA ABP

By Ken Partch, Editor-in-Chief

Let's Go, Inflation!

If real inflation begins again, can the solution to supermarket problems be far behind? Not since 1982, we're told, have we seen an inflation rate of 5.1 percent. Rejoice! Hoo, ha! The bull is out of the chute!

Rejoice? Crazy? Think so? Cynical, perhaps. Realistic? You bet. But a nice, steady bit of single-digit inflation, like a nice, little war, can be a godsend to many businesses. It raises prices, gently, all around, and covers a multitude of management sins. It also makes the financial statement look better.

Who wants to explain to a security analyst that business is flat because tonnage is flat because population growth is flat? That's an exciting story, isn't it? But when you tell people—your stockholders, the financial community—that your present quarter is up six or seven or 10 percent, who asks: Is that real dollars, or, "Say, what's that in 1986 dollars?" They don't.

Some supermarket operators have been getting nervous. Those who operate in communities where consumers watch their pennies, and those who worry about their image with consumers. They don't want to look like the culprits who are raising prices. Some are already explaining to customers with instore signs and newspaper ads that they (supermarkets) are not responsible. Giant Eagle is giving out manufacturers' phone numbers if consumers want to complain about price increases. Giant Food apologizes to shoppers with store signs for higher prices in produce and poorer quality. It's the drought, they explain.

Realistically, even though you have to pay more for inventory, you do take in more dollars at the registers, and there is a period where other fixed costs do not rise as rapidly. But we all know that something more important happens during a period of inflation, and it's psychological. People begin to get used to increasing prices, especially businessmen who are in the middle. "Hey," they say, to themselves and to others, "don't you know there's a drought?"

But there is an accompanying feeling of *deja vu* to all this. It all has a most familiar ring. A ring that many of us can remember that was followed by a lot of unpleasant events. In the early Seventies we got price fixing from the Nixon Administration, because the labor people refused to hold the line without a hold on prices. In the Carter Administration there was *stagflation*—an ungodly mixture of inflation and a sinking economy. This was followed by a terrible recession from which many parts of the country, and many industries, have yet to recover. Although "the Fed" did manage to get inflation under control, a lot of people paid a heavy price.

The question is: Why doesn't this country have a national food policy?

We would hate to see a recurrence of that period of price increases when prices were rising faster than stock boys could change them. We would also hate to see a recurrence of consumer activism that threatens to want to tear the system apart out of sheer frustration.

And now, as if the summer of our discontent were not enough, we learn that the Soviet grain deal is still very much alive, drought and crop shortages or no. "There are sufficient stocks of grain from which to draw down for the Russians, and yet not cause shortages." There are? Then if these shortages we all heard about are really about some future years, why are grain prices and products rising now? And why are federal farm programs offering farmers relief now?

And these questions raise even greater questions. For example, why have we been getting so exercised about farm surpluses in grain, if we run into one major drought and are damn glad to have these surpluses? There was an old economist in the Department of Agriculture, named Don Paarlberg, a really bright guy, who used to wonder the same thing. He used to say: "I don't call them surpluses because I am not sure that's what they are. I prefer to think of them as reserves. And they should be used to keep things in balance and to smooth out future bad years." That was a realist.

And this raises a very old question with me, and the timing couldn't be more perfect. The question is: "Why doesn't this country have a national food policy?" If we are facing future droughts, and a greenhouse environment, why don't we have a political-economic policy that deals with it? What should farmers do to meet future droughts? Should we go back to fence-to-fence planting? Or what?

Today, not only do we not have a food policy, we don't even have a farm policy. We make it up as we go along, from crisis to crisis. One year we are wondering how we could get farmers to grow less, and then there's a severe drought that nobody can predict. But if there is enough grain held over to sell to the Russians, why are prices of milled flour rising? Is this a free market system, or what?

Aren't consumer groups going to start asking nasty questions again, if the Russians are buying grain that carries a U.S. subsidy and consumer prices of cereal are rising? These are some of the questions I'd like to hear the Presidential candidates discuss. But no. They're too busy talking about who's soft or tough on the Pledge of Allegiance to the Flag. Even the inflation is going soft before I can get this article into type. Who's running the inflation? ■

WORKING WOMEN

MORE THAN YOU THINK

Whether a woman works outside the home or not is a vital piece of information for marketers who target women. Most rely on the standard published figures—52 percent of women aged 16 and older were working in 1986, for example.

New research indicates that this figure may be way off the mark. In fact, among a target group dear to the hearts of marketers—women aged 18 to 49—about 90 percent can be considered part of the labor force. The "typical housewife" has become rare indeed.

How can the standard statistics understand women's work patterns so dramatically? They overlook the fact that women enter and exit the labor force frequently. Both men and women occasionally change jobs, get laid off, or go to school. But many women also stop working for a while after they have a baby, when they get married, and for other reasons. Overall, women enter and exit the labor force much more frequently than men. As a result, a large percentage of women are both working and not working over a relatively short period of time. Many of today's nonworking women will be tomorrow's working women and vice versa. Most important, the attitudes of women with discontinuous work patterns are similar to those of women who are in the work force continuously.

The pattern

The frequency with which women exit and reenter the labor force today is much less than it was 10 or 20 years ago. Nevertheless, demographers Suzanne Bianchi and Daphne Spain find that "women's participation in the labor force over the life course still remains more discontinuous than men's as women continue to exit and reenter the labor force more times than men." (Bianchi, S.M., and Spain, D., *American Women in Transition*, Russell Sage Foundation, New York, 1986.)

Twenty-six percent of women in the labor force changed labor-force status at least once during the 12-month period 1981-82, according to Bianchi and Spain's calculations. Though this is considerable, it is a conservative figure because the unemployed are not included in the calculations. Including the unemployed increases the figure to one-third of all women in the labor force who change labor-force status at least once in 12 months.

Other data verify these findings. Each month the Census Bureau collects employment statistics for the Bureau of Labor Statistics through the Current Population Survey, and once a year—each March—the Bureau of Labor Statistics adds a special "work experience survey" to the Current Population Survey. In that survey, the government asks respondents about their work status during the entire previous calendar year. This is perhaps the most accurate and up-to-date information on women's employment patterns based on government statistics.

About 52 percent of all women aged 16 and older were employed at any given time during 1986. In July of 1986, for example, 49.3 million women were employed, or 51.9 percent. These are the numbers that are widely reported and used by marketers.

But the special survey reveals that the number of women who worked at least sometime during 1986 was fully 57.5 million—8 million more than were

If you think only half of all women now work, think again. New research indicates that this figure may be way off the mark.

imported cheeses
fresh ground beef
BAKED GOODS

Only 26 percent of women aged 16 and older have not been employed in the past several years, and have no plans for future employment. Supermarkets need to be cognizant of the needs of the vast majority who do work

Overall, women enter and exit the work force much more frequently than men do.

employed during a given month (such as July). In other words, more than 60 percent of all women aged 16 and older work at some point during a year. Clearly, monthly employment statistics significantly understate women's participation in the labor force.

Among the women who worked at some point during 1986, 62 percent worked for 50 to 52 weeks, 18 percent worked for 27 to 49 weeks, and 20 percent worked half a year or less (one to 26 weeks). This means that of the 57.5 million women who worked during 1986, fully 22 million did not work for the entire 12 months—a substantial number.

Not surprisingly, discontinuity in employment is highest among 16-to-19-year-olds and among those aged 65 and older. It is lowest among 35-to-59-year-olds. Also, as one might expect, there is more discontinuity among women with part-time employment (60 percent of women who work part-time did not work the entire year) than among those with full-time jobs (27 percent did not work the entire year). Still, this means that 11 million full-time working women changed employment status in just one 12-month period. Discontinuity in employment occurs even among women in managerial and professional occupations and among women with a college education. Twenty-nine percent of working women with four or more years of college worked fewer than 50 weeks in 1986, for example.

Who is a housewife?

Information about women's work patterns can also be obtained from consumer surveys. At NBC's request, the Roper Organization included questions about women's work patterns in one of its 1986 surveys. Roper asked all currently employed women if they had always worked during "the last couple of years" or if they had been unemployed "for several months or more." Those who were not currently working and who described their status as "housewife" were asked if they were "regularly employed at anytime during the last couple of years" and if they "plan to go to work in the next year, or sometime, or not at all." Since Roper did not ask students or unemployed women about their work plans, and since those currently working were not asked if they had plans to stop working, these data produce conservative estimates of the discontinuity in women's employment.

Fifty-four percent of the women in Roper's sample said they were currently employed, nearly matching the Bureau of Labor Statistics figure. Thirty-nine percent reported continuous employment during the last couple of years, while 23 percent reported discontinuous employment. (Of these, about two-thirds were currently employed but had taken time off previously; one-third were currently housewives who had worked recently or had employment plans.) Twenty-six percent were classified as "continuously nonworking," 12 percent as "other." (The majority of "other" probably will join the labor force, since this group includes the unemployed and students.) These data indicate that during a two year period, only one-quarter of all women are continuously outside of the labor force.

Among the women aged 18 to 49, 67 percent were currently employed, according to the survey. Forty-six percent had been continuously employed, while 31 percent had discontinuous employment. Only 7 percent had neither worked in the past couple of years nor planned to be employed in the future. In other words, about 90 percent of women aged 18 to 49 are in the labor force sometime during a two-year period.

Many factors influence employment patterns, such as education, training, work experience, pay patterns of promotions, attitudes toward work, the economy, unemployment rates, illness and disability,

WORK, WORK, WORK

Fewer than 40 percent of women work continuously during a year, but 60 percent of women work at least some time during a year.

(Number of working women aged 16 and older in millions, by number of weeks worked during 1986, and percent distribution of all women and all working women by number of weeks worked)

weeks worked	number (millions)	percent of all women	percent of all working women
Total	57.5	60.2%	100.0%
50 to 52	35.8	37.4	62.3
40 to 49	5.8	6.0	10.0
27 to 39	4.5	4.7	7.8
14 to 26	5.9	6.1	10.2
1 to 13	5.6	5.8	9.6

Source: Bureau of Labor Statistics, 1987

WHERE ARE THE HOUSEWIVES?

Though 46 percent of women aged 16 and older are currently not employed, only 26 percent have not been employed in the past couple years and have no plans for future employment.

(women aged 16 and older by employment status, in percent)

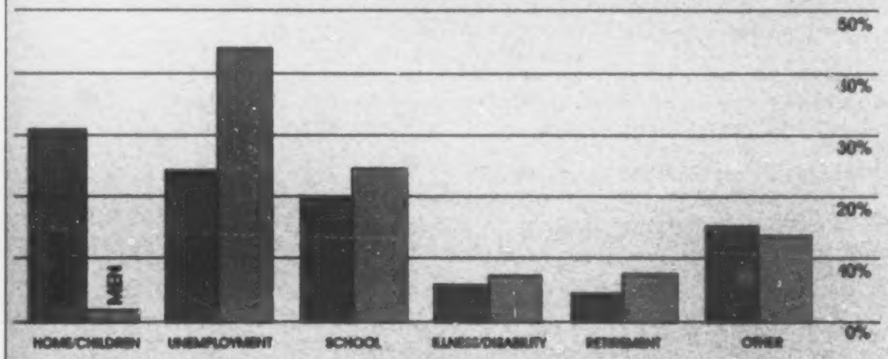
	percent
PRESENT EMPLOYMENT	
Total	100%
Currently employed	54
Currently not employed	46
EMPLOYMENT OVER TIME	
Total	100%
Continuous employment (employed currently and during last couple of years)	39
Discontinuous employment	
Currently employed—took time off last couple of years	14
Currently housewife—employed during last couple of years and/or plans for employment within year	9
Continuously nonworking status (currently housewife—no past employment, no plans for employment; retired)	26
Other (plan employment "sometime," students, unemployed)	12

Source: The Roper Organization, 1987

BACK TO THE KITCHEN

One in three women who stopped working in 1986 did so to devote time to her home or children. Only 1 in 100 men took a work break for this reason.

(reasons for discontinuous employment among men and women aged 16 and older who worked fewer than 50 weeks in 1986, in percent)



Source: 1987 Current Population Survey

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school, retirement and family life. Not surprisingly, home and child care are most likely to draw women out of the labor force, while unemployment is the primary cause of work discontinuity among men.

Despite the importance of home and children, other factors also differentiate the work experiences and unemployment patterns of men and women—such as pay and promotion. Bianchi and Spain think that the lack of true equality in pay and promotion continues to account for some of the differences in work continuity between men and women.

Will discontinuity in women's employment continue to decline and eventually match men's, which is primarily determined by unemployment? Despite women's advances in education, work experience, pay and promotion, true parity is unlikely, because of women's roles as homemaker and mother. Most women say that the "ideal" lifestyle is to combine work and family. They want to work, but many also want to stop working to have children.

A new perspective

In her book *The Moving Target*, Rena Bartos makes an important distinction between two kinds of housewives and two kinds of working women: stay-at-home housewives, plan-to-work housewives, "just-a-job" working women and career-oriented working women. (Bartos, R., *The Moving Target: What Every Marketer Should Know About Women*, The Free Press, New York, 1982.) However, because Bartos does not examine the discontinuity in women's work patterns, her classification scheme understates women's involvement in the work force. It overlooks the fact that most of the women who say they plan to go to work are actually returning to work after a short interruption in employment. In the Roper data, for example, three-quarters of the "housewives" who plan to work "in the next year" had been employed during the previous two years. To understand the working woman, researchers must not only assess the work plans of housewives but also ask about their past employment.

Bartos showed that women's

Continued on page 204

CONSUMER EXPENDITURES STUDY

AMERICAN CONSUMERS MAKE THEMSELVES HEARD—SOME PRODUCTS ARE BIG WINNERS, WHILE OTHERS ARE GOING DOWN FOR THE COUNT!

Grocery store sales reached $295 billion during 1987, and stable sales levels should lift the industry above the $300 billion mark by year's end.

BY DAVID LITWAK, DIRECTOR OF RESEARCH

There's a popular myth making the rounds of the marketing world that consumers are not unlike various members of the bovine class of animals, meekly following whatever "hot" products are thrust upon them. Ask any grocery retailer who ran a successful operation in 1987, and he'll be happy to set you straight on the bovine rumor.

You can try to dictate trends with advertising, promotions, hype, and even considerable shelf allowances, and it will sometimes work—for a while, anyway. In the end, the consumer always does raise his head, shake off the hype and move on to the next trend. Those products that truly deserve to be taken into the regular buying repertoire of the consumer will be adopted into the mainstream of products, but those that are strictly fad will quickly fall by the wayside.

Consumer patterns in 1987 reflected a move toward conservative spending. Sales were up 5.6 percent in dollars last year, but consumers didn't really purchase a great deal more products than they did the year before with that extra spending. Prices increased, especially on some of the larger-selling staple items such as meat and some produce items. According to the U.S. Department of Labor's Bureau of Labor Statistics, the Consumer Price Index for food prepared at home (grocery purchases) rose 4.3 percent. This means that in units grocery stores sold only about 1.3 percent more items last year than in 1986. When you take into account that the estimated U.S. population rose about 1 percent during the same period, the increase in the number of grocery products sold during 1987 is negligible.

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The 5.6 percent increase in grocery sales does reflect a growth rate that is better than the average overall retail spending. Consumer spending for all retail sales was up only 4.5 percent last year to just over $1.5 trillion. Although many other retail industries showed higher percentage gains in sales than the grocery industry, many of these gains resulted from significant price increases.

The two largest-gaining retail industries last year, gasoline service stations and drug and proprietary stores, enjoyed much of their sales boosts (19.7 percent and 13.9 percent respectively) due to increased prices for gasoline and prescription drugs. Grocery sales, now at the $295.3 billion level, account for roughly 20 percent of all retail sales in the United States, and are perhaps the most repetitive, frequently occurring types of retail sales. As such, they are a good reflection of how the American consumer lives, as well as his needs and wants.

Of fads, fables and powerful staples

Andy Warhol once said that everybody becomes famous for 15 minutes. For supermarket product categories the average "moment in the sun" lasts a little longer, but not in all cases. While many still continue to be strong, some of the skyrocketing categories of the past few years have leveled off, and in a few cases have died altogether.

Remember way back one, two or even three years ago when everybody was putting granola and other cereal bars in their mouths, and putting conditioner and mousse in their hair. Retailers, as we

CONSUMER EXPENDITURES STUDY

The power in terms of substantial dollar increases or losses comes from established food categories and cigarettes.

all recall, responded by adding shelf space for these products and all their assorted derivatives. The problem for these and some similar products in 1987 was that fewer and fewer people put them in their shopping carts.

In the space of two years these products went from stellar performers to categories that were losing sales. Every year has its fad products that shoot up, and those former fads that start on their way down. In the case of these two categories, both of which will continue to be included on supermarket shelves for a long time to come, a part of the problem may be too large a proliferation of line extensions, and me-too products.

Fads in the grocery store are often hard to identify. Despite scanning, DPP and other sophistication, too much of retailer and manufacturer resources are committed to fad products.

A curious thing is beginning to happen primarily in the general merchandise department. Last year saw a slowing in the sales growth rate for the whole general merchandise section. Sales were up only 5.6% in 1987 as compared with 7.4% in '86. A slowdown of this type is normal when a new category, or in this case many new categories, are taken into supermarkets in a large way.

These categories were starting with a relatively low supermarket sales base, so it is easy to have a large initial percentage gain in sales. This is true for any new product category, regardless of the store department it is in.

Any new product has a natural cycle of taking off at a certain rate, building a market and eventually beginning to drift down in sales. As we've

Continued on page 66

METHODOLOGY

The 41st Annual Consumer Expenditures Study (CES) represents a concerted effort of individuals and firms from all facets of the food retailing industry. Drawing on the methodological tradition of 40 prior studies, the 41st annual study has brought together literally hundreds of sources, from companies that are household names, to those that are acknowledged as leaders within a specific segment of our industry.

The content of the CES is derived from input into each of the 700-plus categories by the leading manufacturers, processors, packers, and marketers of those categories. Additional information on each category is gathered from management companies, advertising agencies, government agencies, market research firms, trade associations and, of course, wholesalers and retailers of the products.

The methodology used is varied, ranging from the tried-and-true methods of mail and telephone surveys, to old-fashioned book research into secondary sources, to the use of scanning data.

Initially, respondents in each category are sent a questionnaire about that category. Respondents to our questionnaires were supplied with sales estimates from the 40th Annual CES (1986) for the product lines in which they specialize. We asked them to indicate the percent change in retail sales for these products in all outlets and through grocery stores alone. It should be stressed that we asked them to supply industrywide figures, and not their own sales figures. They also had the option to adjust previous sales figures according to their knowledge of the market.

Once these responses had been recorded, they were verified by referring to any number of secondary sources, and retail scanning data. Wherever possible, each number was cross-checked, even if the response came from a marketer who had a 75 percent share of a particular category.

The result of all this is the consolidation of information into one set of numbers that represents the percentage change in the total domestic, grocery and supermarket sales from 1986 to 1987 that is then applied to the 1986 base figure or, if situations warrant, a revised 1986 base figure.

The 1987 CES contains six categories that were not previously broken out in our annual studies. These represent changes in the marketplace that we've incorporated into the study. Figures for these new categories were, in most cases, included in miscellaneous or "other" categories. In order to accurately reflect the changes in the new categories, and the store departments from which they are drawn, it was necessary to revise some of the previously published 1986 figures to include that year's sales in these categories. Wherever the 1986 sales of a category or department have been revised, a footnote appears explaining the revision.

OUR DEFINITIONS OF GROCERY STORES

Some of the following terms are referred to in this report. To assist interpretations of our findings, they are listed below:

Supermarket: Complete, full line self-service and partial service food markets, with a minimum of $2 million per year.

Superette: Self-service or service food store handling groceries, meats and produce, with annual sales of $1 million to $2 million.

Convenience Store: Small food stores, usually open extended hours and selling a limited line of fast-moving items.

Specialty Stores: Stores whose primary line may be meat, dairy, produce, drug or general merchandise.

All Other Food Stores: Small (less than $1 million annual sales) general food stores, or food stores not classified above.

Chain: An operation of 11 or more food retailing stores, regardless of individual dollar volume.

Continued from page 65

seen, fad categories have mostly a big increase followed by a big decrease, and then a somewhat steady level of sales. Among consumable products the difference between a product with a natural life cycle and a fad is whether or not the consumer has a continued interest in the product; that is, whether or not he will buy it again after he has used up his last purchase.

A new phenomenon that many grocery retailers saw for the first time in 1987 is the problem of saturation levels of durable products. This is a phenomenon that is really an artifact associated with GM products. The retailer must now recognize products that will have good initial sales, continue to be well liked by the consumer, but will fall off after just a few years due to the fact that there is little repeat business because there is no need to replace the product for a long time.

Last year there was a prime example of this type of product. Microwave cookware was one of 1986's fastest growing categories with a sales increase of 25.6 percent, but people who bought microwave cookware in '86 had no reason to buy it again in '87, so by 1987 the category was one of the biggest losers, with sales declining 16.0 percent. Durable products are a whole new ballgame for supermarket operators who are used to selling products with high repeat purchases.

Obviously, not every category was down last year. Many products that previously had large sales increases stablized to a more limited but steady growth level. In essence, they became part of the mainstream of supermarket products. Alcohol coolers (up 8.1 percent), aseptic packed juices and drinks (up 13.8 percent) and liquid soaps (up 14.8 percent) were all products that enjoyed high sales gains in 1987, but lagged considerably behind their growth rates of the previous two years. These categories, and several others are no longer "hot topics" in the grocery aisles, but will have a strong, steady presence for years to come.

Not to leave them out, there were those products that continued to soar in 1987, enjoying huge sales gains. Categories such as condoms, video cassette rentals, aseptic juice and drink concentrates, and blank video cassettes haven't even begun to reach their leveling off point in grocery sales, and it will be interesting to watch which of these will be able to keep up its pace in 1988. The fastest growing new product category measured by this year's Consumer Expenditure Study was incontinence products, which had a sales increase of 30.0 percent over its 1986 level.

Staples are the key

When it comes to bringing in the large dollars, it is still the well-established food staples that make or break any grocery operation. In 1987 a large number of these staple categories either had sizable sales gains, or sales losses in terms of real dollars, not percentages. Luckily for all involved, those that gained outdid those that lost dollars.

Looking at the top 15 gainers and losers in sales dollars in 1987, the top 15 sales gainers brought in $7.0 billion more last year than the year before, while the 15 categories with the largest sales decreases lost about $1.7 billion in 1987. Service Deli sales alone were up an amount ($1.5 billion) that almost equaled what the top 15 losers lost in 1987. Among other established products that were big winners in gathering more sales dollars last year were beer (up $758 million), cigarettes (up $689 million), fresh fish and seafood (up $613 million), and in-store bakery and cold cereals (both up $449 million).

Staple products were also responsible for much of the $1.7 billion loss. Beef (down $398 million), and coffee (down $371 million between regular and instant) were the chief culprits. Other everyday food items such as potatoes, sugar, tea, bananas, milk, frozen orange juice, ham and canned tuna all contributed heavily to the loss. While it is always interesting to look at what the newer product categories and store departments are doing, the power in terms of bringing in substantial dollar increases, or causing substantial dollar losses, comes from established food categories and cigarettes. Grocers know all too well that no matter what else you have in your store, supermarkets are still, and always will be, primarily food stores.

The fresher the better

One consumer trend that store strategic planners and industry observers have been tracking over the past few years continued to be a major force in sales in 1987. Shoppers are still looking for the freshest possible products to incorporate into their diets. This emphasis now appears to cut across all socioeconomic segments of the population.

Operators have responded by incorporating more "fresh" departments—produce, seafood, deli, bakeries, prepared foods and service meat into their store formats—and by carrying more fresh products in each department. No longer are these departments found only in upscale formats. They are now receiving a new emphasis in conventional stores, super warehouses and stores in lower income areas.

It makes good business sense for retailers to respond to the consumer demand for a fresher approach to eating. Last year many product categories that contain fresh items increased sales, often at the expense of parallel categories that contained the same items in cans, or packaged.

Service deli sales rose a dramatic 19.6 percent. While a good part of this increase can be attributed to prepared fresh entrees and other new products, much of the gain must have come from fresh sliced meats and cheeses since they still account for almost 55 percent of all service deli sales. Sales of prepackaged meats, on the other hand, were flat. Fresh vegetable sales rose 3.5 percent, while canned vegtables had virtually no increase in sales. Frozen juice concentrates fell 5.4 percent, while refrigerated juices were increasing 8.8 percent. Instore bakery products sales grew more than three times faster than those of packaged bakery products. Seafood is a good illustration of sales within the whole spectrum from packaged to fresh. Canned fish and seafood sales fell 0.5 percent last year, while frozen fish and seafood increased 9.4 percent, and fresh fish and seafood grew at the high rate of 16.8 percent.

The list of examples of superior sales of fresh products goes on and on. When it comes to freshness, consumers are going back to basics. Just as their parents bought primarily fresh products, often at a specialty store, today's consumer is looking for those same fresh, wholesome qualities, but with one important difference—convenience.

Keeping things fresh

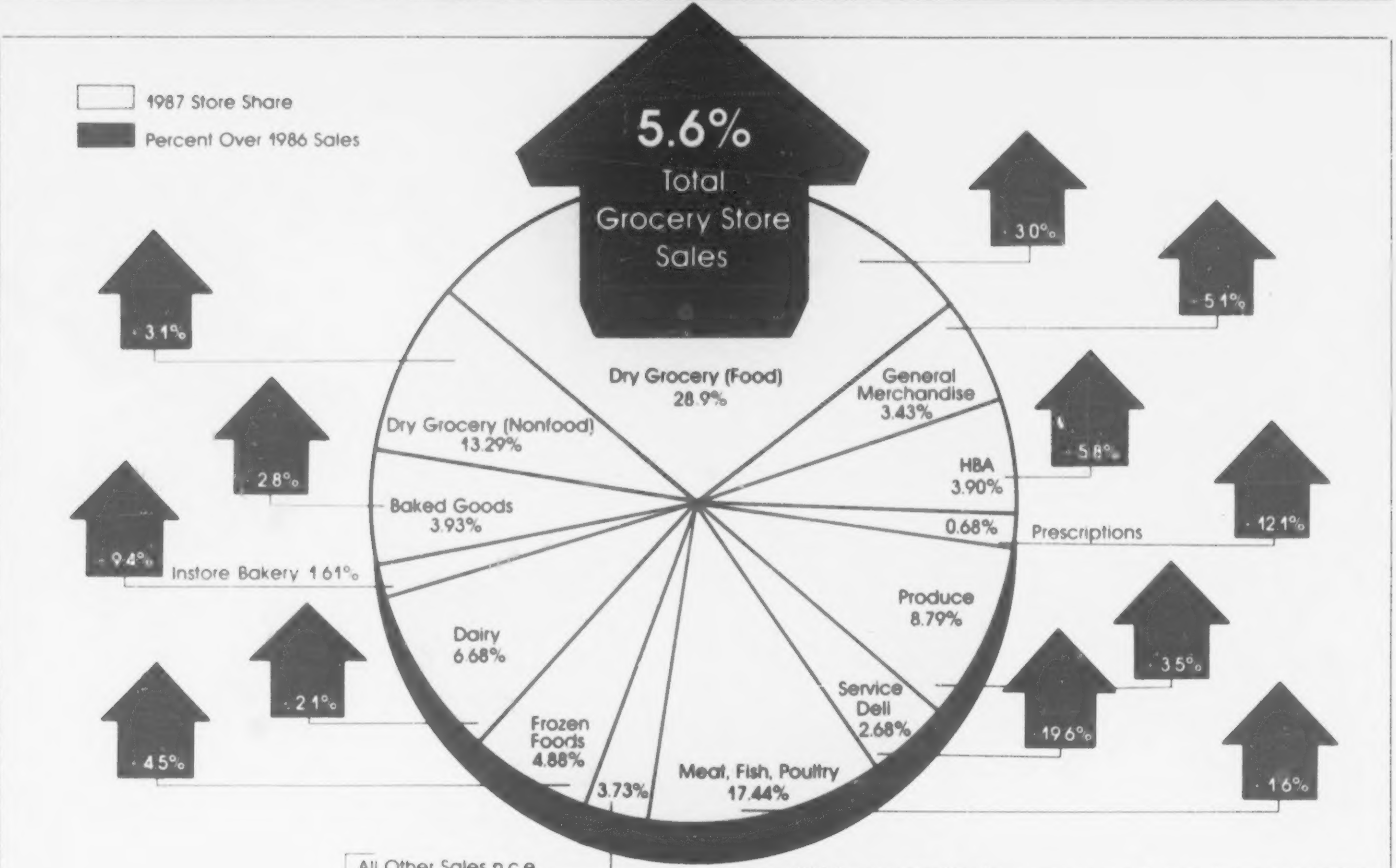
Unlike their parents, the busy consumers of today are not likely to go from store to store buying different fresh items. This is, of course, a good thing for supermarkets, but it also brings certain challenges. In many parts of the country some fresh items pose problems for retailers in terms of stocking and keeping product fresh, such as fresh fish. Another problem is skilled labor to produce and handle some products. Not only does the consumer demand the convenience of one-stop shopping, but he confounds the situation even further by wanting many of the products to be virtually table-ready. It is one thing to ask retailers to carry freshly sliced cheeses, bread, service meat, garden fresh tomatoes and fresh pasta, but quite another when the shopper wants all those items put together as a lasagna dinner.

Supermarket operators in 1987 made great strides in trying to keep up with consumer demands for both fresh products, and the convenience of having the products presented in their final assembled form—as prepared food products. That supermarkets are getting very much into satisfying their customers' demands for convenient, high-quality prepared meals is evident.

The supermarket share of the total food dollar in 1987 was up to 68 percent, as compared to the 32 percent held by restau-

Continued on page 177

HIGHLIGHTS



Source: 1987 Supermarket Business—Consumer Expenditures Study (CES)

In 1987, once again, service departments led the rest of the store in sales growth. Delis, bakeries and pharmacies enjoyed the highest percentage increases in sales growth last year. While no store department had a drop in sales, fresh meat, fish and poultry, as well as the dairy departments had relatively minuscule sales gains. Despite these small gains, the food departments still dominate store sales, with 75% of all sales coming from edible products.

No store department gained a substantially larger share of total store sales. Even the service deli, which had an increase in sales of 19.6%, only gained .31% in its share of store sales. The enormity of the size of sales for the perishables and dry grocery-foods departments makes it extremely difficult for other departments to gain much more of a share of total sales.

WEEKLY SPENDING IN GROCERY STORES REACHES $62.54 PER HOUSEHOLD, $23.36 PER CAPITA

	1987		1986	
POPULATION	**243.1 million**		**240.9 million**	
HOUSEHOLDS	**90.8 million**		**88.5 million**	
	ANNUAL	**WEEK**	**ANNUAL**	**WEEK**
PERISHABLES				
Per capita	$ 559.52	$10.76	$ 543.70	$10.45
Per household	$1,496.56	$28.78	$1,480.41	$28.47
DRY GROCERY (FOOD)				
Per capita	$ 351.52	$ 6.76	$ 334.77	$ 6.44
Per household	$ 939.64	$18.07	$ 911.51	$17.53
TOTAL FOODS				
Per capita	$ 911.04	$17.52	$ 878.47	$16.89
Per household	$2,436.20	$46.85	$2,391.92	$46.00
DRY GROCERY (NON-FOOD)				
Per capita	$ 161.20	$ 3.10	$ 152.29	$ 2.93
Per household	$ 432.64	$ 8.32	$ 414.67	$ 7.97
GENERAL MERCHANDISE/HBA				
Per capita	$ 97.24	$ 1.87	$ 91.58	$ 1.76
Per household	$ 261.04	$ 5.02	$ 249.37	$ 4.80
GRAND TOTAL*				
Per capita	$1,214.72	$23.36	$1,160.77	$22.32
Per household	$3,252.08	$62.54	$3,160.57	$60.78

NOTE: Population and household data from U.S. Bureau of the Census. Includes one-person households. Excludes armed forces overseas. Sales figures from 1987 C.E.S.

*Total includes merchandise sale not classified above

It cost $1.76 more a week to buy groceries for the average household in 1987 than it did in 1986. Food alone accounted for 85 cents of this increase. These increases are on par with those seen in the preceding couple of years. A rise in prices contributed to the 1987 increase.

HOW AN AVERAGE HOUSEHOLD DOLES OUT ITS DOLLARS IN GROCERY STORES EACH WEEK

	1987	1986	CHANGE
PERISHABLES			
Baked goods	$ 2.27	$ 2.46	−7.7%
Dairy	4.19	4.19	0.0
Frozen foods	3.05	2.98	+2.3
Fresh meat and provisions	8.61	8.73	−1.4
Fresh fish	0.77	0.68	+13.2
Fresh poultry	1.63	1.58	+3.2
Produce	5.57	5.46	+2.0
Instore bakery	1.01	0.95	+6.3
Instore deli	1.68	1.44	+16.7
Total	**$28.78**	**$28.47**	**+1.1%**
DRY GROCERY (FOOD)			
Beer	$ 3.03	$ 2.95	+2.7%
Wine, liquor, coolers	.66	.66	0.0
Baby food	.41	.38	+7.9
Breakfast foods	1.29	1.22	+5.7
Candy and chewing gum	.73	.69	+5.8
Canned foods			
Fruits	.34	.34	0.0
Juices and drinks	.76	.74	+2.7
Meat and poultry	.31	.32	−3.1
Milk	.08	.09	−11.1
Seafood & fish	.39	.41	−4.9
Soups	.46	.41	+12.2
Vegetables	.64	.65	−1.5
Prepared Drinks	1.62	1.77	−8.5
Dried foods	.57	.54	+5.6
Jams, jellies and preserves	.42	.41	+2.4
Macaroni, spaghetti, noodles	.23	.22	+4.5
Desserts	.12	.13	−7.7
Soft drinks	2.02	1.53	+32.0
Sugar	.30	.32	−6.3
Miscellaneous	3.69	3.75	−1.6
Total	**$18.07**	**$17.53**	**+3.1%**
Total Foods	**$46.85**	**$46.00**	**+1.8%**
DRY GROCERY (NONFOOD)			
Paper goods	$ 2.08	$ 2.04	+2.0%
Soaps, detergents	1.15	1.17	−1.7
Other household supplies	1.13	1.12	+0.9
Pet foods	1.19	1.20	−0.8
Tobacco products	2.77	2.44	+13.5
Total	**$ 8.32**	**$ 7.97**	**+4.4%**
GENERAL MERCHANDISE/HBA			
Health and beauty aids (nonprescription)	$ 2.44	$ 2.36	+3.4%
Prescriptions	.43	.39	+10.3
Housewares	.24	.23	+4.3
All other general merchandise	1.91	1.82	+4.9
Total	**$ 5.02**	**$ 4.80**	**+4.6%**
All other sales	$ 2.35	$ 2.01	+16.9%
GRAND TOTAL	**$62.54**	**$60.78**	**+2.9%**

Source: 1986 C.E.S.

Food, food and more food—that's what American households spend a good deal of their weekly disposable income on. The bulk of grocery store expenditures are for food items. The most significant trend in the stores is the continued move toward more fresh products. The items in the perishables department are enjoying an increased share of the weekly food dollar, mostly at the expense of dry grocery food items.

Perishable items, such as fresh fish (up 13.2% in share of food dollars), poultry (up 3.2%) and produce (up 2.0%) have taken a bite out of the expenditures for their shelf-stable cousins (canned fish & seafood −4.9%, canned meat & poultry −3.1, and canned vegtables −1.5%). Freshness appears to be manifested by the service departments with instore bakery sales up, while packaged baked goods have declined, and the share of the weekly food dollar going to service deli products has increased a whopping 16.7%.

Nonfood items continue to inch their way toward a higher share of the grocery store dollar. Household supplies, general merchandise and HBA all had increases in the 3%-5% range in their share of dollars spent. The most successful nonfoods item this year was prescription drugs, which increased its share over 10%, although these prescriptions still account for less than half a cent of each dollar spent in grocery stores.

CATEGORIES THAT INCREASED IN SALES IN 1987

LARGEST PERCENTAGE INCREASES IN DOLLAR SALES

RANK	CATEGORY	1987 GROCERY STORE SALES (000)	% INCREASE	% OF STORE VOLUME
1	Condoms	30,459	56.2	0.01
2	Video Cassette Rentals	368,880	53.7	0.13
3	Aseptic Packed Juices & Drink Concentrates	52,296	46.9	0.01
4	Blank Video Cassettes	82,636	40.6	0.03
5	Incontinence Products	38,025	30.0	0.01
6	Fireplace Logs	67,618	26.3	0.02
7	Home Pregnancy Tests	21,101	25.6	0.01
8	Misc. Frozen Breakfast	145,523	25.0	0.04
9	Packaged Unpopped Popcorn	523,425	24.9	0.18
10	Refrigerated Pudding	55,800	24.2	0.01
11	Bottled Water	373,242	23.6	0.13
12	Frozen Mexican Food	367,068	22.9	0.12
13	Electrical Appliances	200,699	22.3	0.07
14	Frozen French Toast, Pancakes	71,802	22.1	0.02
15	Whole Bean Coffee	18,802	21.3	0.01
16	Mouthwash and Gargles	339,979	20.7	0.12
17	Suntan/Sunscreen Products	65,479	20.6	0.02
18	Poison Ivy Remedies	12,436	19.5	0.00
19	Contact Lens Products	64,922	19.3	0.02
20	Floral	94,198	18.6	0.03
20	Frozen Breads & Rolls	327,201	18.6	0.11

LARGEST VOLUME INCREASES IN DOLLAR SALES

RANK	CATEGORY	DOLLAR SALES INCREASE (000)	% INCREASE	% OF STORE VOLUME
1	Service Deli	1,552,320	19.6	2.68
2	Beer	757,630	5.3	4.84
3	Cigarettes	688,912	5.5	4.24
4	Fresh Fish/Seafood	613,053	16.8	1.23
5	Instore Bakery	449,320	9.4	1.61
6	Cold Cereals	449,306	8.9	1.71
7	Misc. Fresh Vegetables	385,683	5.1	2.56
8	Pork	332,193	8.4	1.33
9	Poultry	293,167	3.8	2.61
10	Lettuce	289,338	16.8	0.58
11	Yogurt	286,056	14.3	0.65
12	Citrus Fruits	277,539	2.1	0.77
13	Prescription Drugs	243,230	12.1	0.68
14	Cookies, Crackers, Biscuits	222,198	5.0	1.50
15	Video Cassette Rentals	198,089	53.7	0.13

If we were to classify a year by which items were "hot," then 1987 would be known as the year of the condom, cassette, and the concentrate. These items, all fairly new mass introductions to grocery product mixes, were by far the fastest growing products in terms of percentage increases in sales. When it comes to actual dollars, it is the old "faithful" products like service deli, beer and cigarettes that make grocers smile. The increase in dollar sales of some products, such as pork and lettuce, are a direct result of price increases.

CATEGORIES THAT DECREASED IN SALES IN 1987

LARGEST PERCENTAGE DECREASES IN DOLLAR SALES

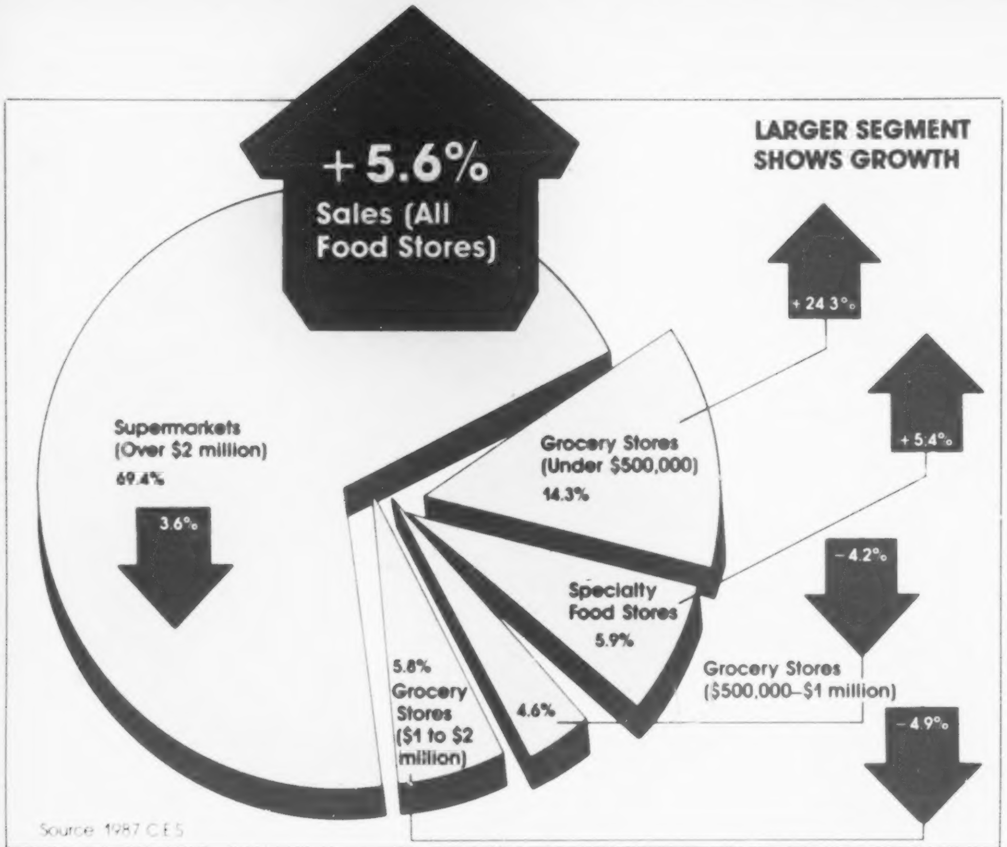
RANK	CATEGORY	1987 GROCERY STORE SALES (000)	% DECREASE	% OF STORE VOLUME
1	Road Salt & Ice Pellets	21,312	−18.2	0.00
2	Baby Pants	9,210	−17.4	0.00
3	Frozen Oriental Foods	156,133	−17.3	0.05
4	Breading Mixes	74,348	16.8	0.03
5	Microwave Cookware	92,844	−16.0	0.03
6	Cereal Bars	338,696	−13.3	0.13
7	Flash Bulbs and Cubes	27,042	−13.2	0.01
8	Lard	46,864	−13.1	0.02
*9	Instant Coffee	1,399,367	−12.3	0.47
10	Color Shampoo	2,248	−11.8	0.00
11	Prepared Food Drinks	92,593	−11.0	0.03
12	Canned Apricots	24,726	−10.8	0.00
*13	Powdered Drink Mixes	649,385	−10.2	0.22
14	Antifreeze	81,089	−10.2	0.03
*15	Shortening	386,304	−9.6	0.13
16	Canned Grapefruit Juices	151,313	−9.4	0.05
*17	Ice Tea Mixes	315,015	−8.9	0.10
18	Automobile Polish	42,094	−8.7	0.01
*19	Canned Ham	278,299	−8.6	0.09
20	Blank Audio Cassettes	13,158	−8.3	0.00

LARGEST VOLUME DECREASES IN DOLLAR SALES

RANK	CATEGORY	DOLLAR SALES DECREASE (000)	% DECREASE	% OF STORE VOLUME
1	Beef	398,255	−1.9	7.09
2	Regular Coffee	199,318	−5.2	1.30
3	Instant Coffee	172,122	−12.6	0.47
4	Potatoes	125,364	−5.1	0.67
5	Sugar	120,514	−2.0	0.48
6	Tea	92,120	−2.8	0.31
7	Bananas	87,897	−6.0	0.49
8	Milk	80,398	−1.3	2.09
9	Frozen Orange Juice Concentrate	71,250	−6.6	0.36
10	Packaged Ham & Picnics	68,940	−2.3	0.69
11	Powdered Drink Mixes	66,237	−10.2	0.22
12	Canned Tuna	59,307	−13.3	0.48
13	Cereal Bars	45,047	−1.0	0.13
14	Shortening	37,085	−9.6	0.13
15	Misc. Canned Meat	32,289	−6.3	0.17

Shopping trends are sometimes a fickle phenomenon; what was hot last year can cool off quickly. Such was the case with microwave cookware and regular coffee: Both were among 1986's fastest increasing categories, yet both appear on 1987's most declining categories. Factors such as market saturation (for microwave cookware) and price or nutritional concerns (both helped coffee's decline) can change the nation's appetite for a category. Nutritional factors appear to be very important in those categories that declined most in real dollar sales. Beef, coffee, potatoes and sugar led the list of dollar losers.

HIGHLIGHTS



Source: 1987 C.E.S.

The grocery industry continued to learn how to do more with less in 1987. Last year there were approximately 1000 fewer grocery stores than there were the year before, but total industry sales were up 5.6%. The loss of stores didn't only affect the bottom layer of the industry, but cut across all levels, with 300 of those missing stores coming from the supermarket level alone. For the last few years most of the industry growth has come from the larger stores, but 1987 saw a resurgence of the smaller stores. Sales from units with annual sales of under $500,000 rose more than 30% last year. Convenience stores were many of the fastest growing units in this particular group. Even among the smaller units there are those that do much better than others, with many successful units pushing the $500,000-a-year level, while many of the less successful smaller units are facing extremely difficult situations. Specialty foods stores did rather well in 1987, increasing their sales 5.9%.

FOOD STORE SALES—BY STORE VOLUME

	SALES (000)		PERCENT OF VOLUME	
	1987	1986	1987	1986
SUPERMARKETS over $2 million	$217,649,183	$213,314,308	69.4%	72.0%
SUPERETTES $1 million to $2 million	$ 18,377,208	$ 18,152,150	5.8	6.1
OTHER GROCERY STORES under $1 million*	$ 59,271,609	$ 48,111,542	18.9	16.3
Total Grocery Stores	**$295,298,000**	**$279,578,000**	**94.1**	**94.4**
Specialty Food Stores†	$ 18,340,000	$ 16,559,000	5.9	5.8
TOTAL FOOD STORES	**$313,638,000**	**$296,137,000**	**100.0%**	**100.0%**

*Includes convenience stores and other small grocery stores

†Includes meat, seafood, fruit and vegetable markets, confectionery, bakery, deli and other food stores

Source: 1987 C.E.S.

FOOD STORE SALES—BY AFFILIATION

	SALES (000)	PERCENT OF VOLUME
	1987	1987
Independent Grocery Stores	$131,112,312	41.8%
Chain Grocery Stores*	$164,185,688	52.3
Total Grocery Stores	**$295,298,000**	**94.1**
Specialty Food Stores	$ 18,340,000	5.9
TOTAL FOOD STORES	**$313,680,000**	**100.0%**

*Chains (11 or more stores—Supermarket chains only)

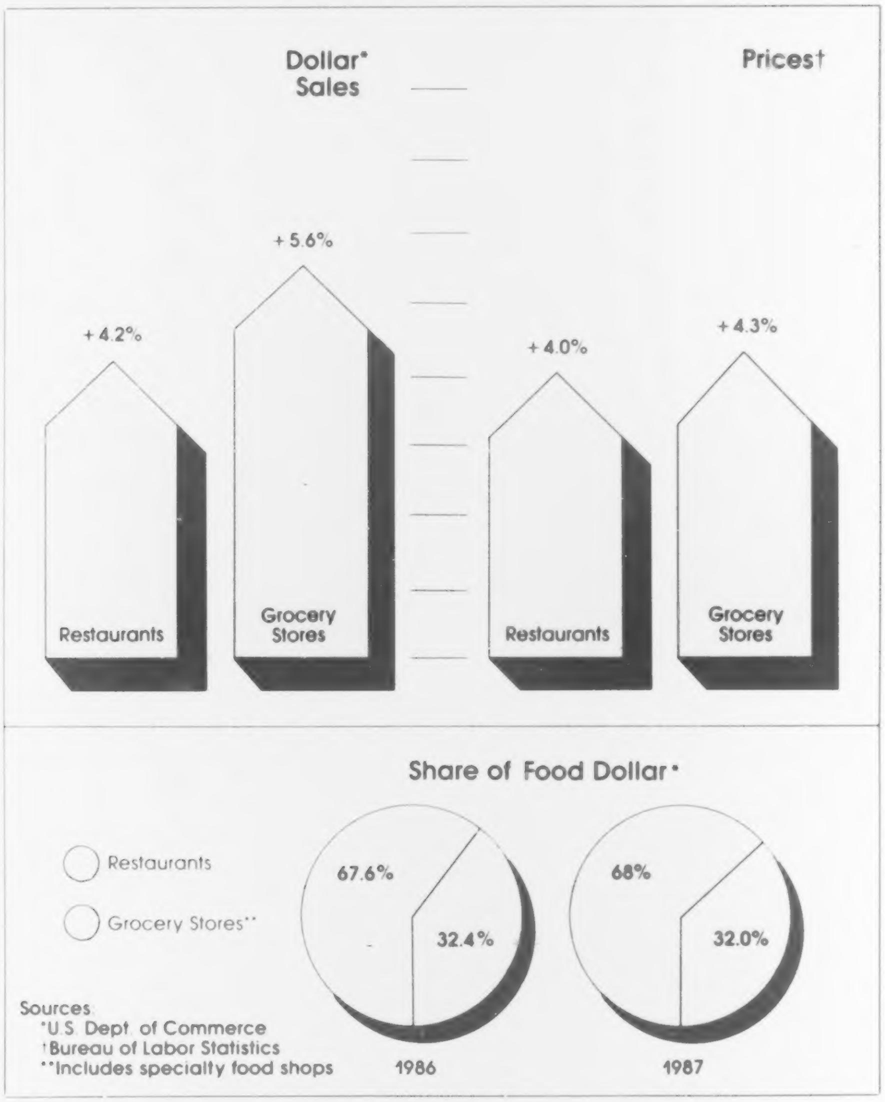
Source: 1987 C.E.S.

GROCERY STORE SALES TRENDS: 1987*

Number of Grocery Stores	153,380
Sales (000)	$295,290,000
Sales per store	$ 1,925,271
U.S. Population	243,084,000
"People" per store	1,585
Number of Grocery Stores	
Over $2,000,000	30,400
$1,000,000–$2,000,000	9,675
$500,000–$1,000,000	15,355
$500,000 or more	55,430
All other	97,950
Sales (000)	
Over $2,000,000	$217,649,183
$1,000,000–$2,000,000	18,377,208
$500,000–$1,000,000	14,516,325
$500,000 or more	$250,542,716
All other	$ 44,755,284
Sales per store	
Over $2,000,000	$ 7,159,513
$1,000,000–$2,000,000	$ 1,899,453
$500,000–$1,000,000	$ 945,381
$500,000 or more	$ 10,004,347
All other	$ 456,920
Chains (11 or more stores)	18,240
Total Sales (000)	$164,185,688
Sales per store	$ 9,001,408
% of Total Sales	55.6%
All other stores	135,140
Total Sales (000)	$131,112,312
Sales per store	$ 970,196
% of Total Sales	44.4%

*Grocery store sales reported by U.S. Dept. of Commerce.

GROCERIES WINNING THE RACE FOR FOOD DOLLARS



Sources:
*U.S. Dept. of Commerce
†Bureau of Labor Statistics
**Includes specialty food shops

Grocery stores have recaptured the momentum in the race for food dollars with restaurants. America's grocery stores grew at a faster rate than restaurants in 1987. If one takes price increases into account, then the 1.3% real growth rate among grocery stores surpasses the almost flat real sales (.2% gain) of restaurants.

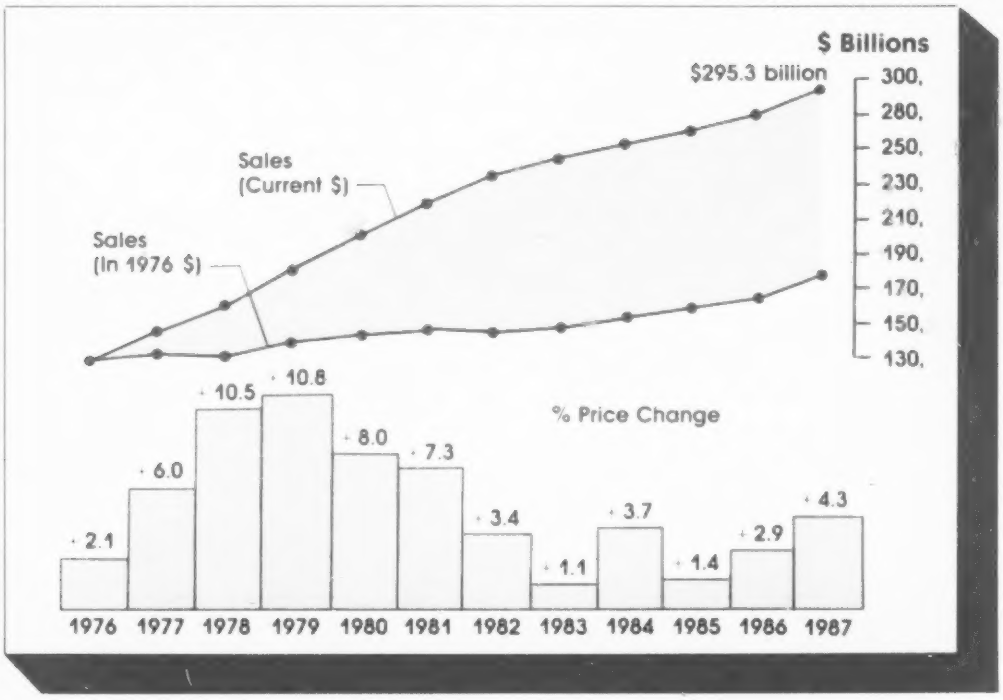
RANKING OF RETAIL SALES BY TRADE*

	1987 SALES (MILLION)	PERCENT OF TOTAL	CHANGE VS. 1986
ALL RETAIL STORES	**$1,510,579**	**100.0%**	**+ 4.5%**
Gasoline service stations	103,154	6.8	+ 19.7
Drug and proprietary stores	56,000	3.7	+ 13.9
Furnishings, appliances	84,148	5.6	+ 11.4
Specialty food stores	18,340	1.2	+ 10.8
Liquor stores	19,506	1.3	+ 10.1
All other retail stores	126,030	8.3	+ 9.1
General merchandise group	175,885	11.6	+ 6.3
Grocery stores	**295,298**	**19.6**	**+ 5.6**
Apparel group	79,069	5.2	+ 5.1
Eating and drinking establishments	147,645	9.8	+ 4.2
Motor vehicle dealers	326,850	21.7	− 3.1
Building supply, hardware stores	78,005	5.2	− 9.1

*Source: U.S. Dept. of Commerce

Grocery stores, due mostly to more stable prices, did not grow as fast as some other retail industries in 1987. Price increases helped to drive up sales of retailers such as gasoline stations and drug stores. The growth rate of most other retail classes of trade during 1987 were inconsistent with the pattern they exhibited just a year before, while the grocery industry held fairly close to the growth pattern established in 1986.

LITTLE REAL SALES GROWTH SEEN



From a 1975 sales base of $129.2 billion, sales more than doubled to $295.3 billion in 1987. Making allowances for a 76.3% increase in prices over that time, the real—or tonnage—growth was slightly more than 25%.

CHANGES IN CONSUMER PRICE INDEX 1987-86 FOR SUPERMARKET PRODUCTS*

*Source: Bureau of Labor Statistics, Consumer Price Index

	Percent Change	
	1987	1986
FOOD	**+ 4.2**	**+ 3.2**
Food away from home	+ 4.0	+ 3.9
Food at home	+ 4.3	+ 2.9
Food and beverages	+ 4.2	+ 3.2
CEREALS & BAKERY	**+ 4.6**	**+ 2.8**
Bread, white	+ 4.9	+ 1.8
Other bread	+ 1.3	+ 2.5
Cookies	+ 5.2	+ 3.5
Cakes, cupcakes	+ 4.8	+ 2.2
Flour, prepared mixes	+ 1.2	+ 1.2
FRESH BEEF & VEAL	**+ 4.7**	**+ 0.6**
Sirloin steak	+ 8.8	+ 2.6
Hamburger	+ 2.5	− 1.1
Chuck roast	+ 3.8	− 0.6
PORK	**− 1.5**	**+ 8.2**
Chops	− 3.3	+ 10.9
Bacon	− 6.8	+ 7.1
Sausage	+ 1.3	+ 6.2
Canned ham	+ 0.6	+ 2.6
OTHER MEATS	**+ 3.0**	**—**
Frankfurters	+ 2.7	+ 2.1
Bologna, liverwurst, salami	+ 2.5	+ 3.1
Lamb	− 1.4	—
POULTRY	**− 6.9**	**+ 7.5**
Fresh whole chicken	− 9.7	+ 10.4
Fresh & frozen chicken parts	− 5.8	+ 9.5
Other poultry	− 4.9	+ 1.1
FISH & SEAFOOD	**+ 8.4**	**+ 9.2**
Canned fish	+ 10.8	+ 0.9
Fresh & frozen fish and seafood	+ 7.7	+ 13.1
DAIRY PRODUCTS	**+ 2.0**	**+ 0.2**
Fresh whole milk	+ 1.8	− 0.6
Butter	+ 0.9	+ 0.3
Eggs	− 10.6	+ 6.9
Cheese	+ 2.6	+ 0.3
Ice cream & related products	+ 1.9	+ 1.5
Other dairy products	+ 0.9	+ 3.2
FRESH FRUITS & VEGETABLES	**+ 10.3**	**+ 3.0**
Apples	− 11.6	+ 15.5
Bananas	+ 6.3	+ 5.1
Oranges	+ 7.2	− 9.3
Potatoes	− 1.7	− 5.3
Lettuce	128.9	+ 6.2
Tomatoes	+ 10.1	+ 7.4
PROCESSED FRUITS	**+ 6.7**	**− 2.9**
Frozen fruit & fruit juices	+ 7.6	− 11.1
Other fruit juices	+ 4.8	− 0.4
Canned & dried fruits	+ 3.4	+ 1.4
PROCESSED VEGETABLES	**+ 0.9**	**− 0.2**
Frozen vegetables	+ 1.6	+ 0.7
Cut corn & canned beans except lima	+ 1.6	+ 0.8
Other canned & dried vegetables	− 0.4	− 0.4
SUGAR & SWEETS	**+ 1.7**	**+ 3.1**
Candy & chewing gum	+ 2.0	+ 4.4
Sugar & artificial sweeteners	+ 1.0	+ 0.1
Other sweets	+ 1.5	+ 3.9
FATS & OILS	**0.0**	**− 2.2**
Margarine	− 1.0	− 2.0
Other fats, oils & salad dressings	+ 1.3	− 4.2
Nondairy substitutes & peanut butter	+ 0.2	+ 1.8
BEVERAGES	**− 4.0**	**+ 5.9**
Cola drinks except diet cola	− 0.7	+ 0.5
Carbonated drinks including diet cola	− 0.9	+ 1.4
Other noncarbonated drinks	+ 1.4	+ 1.4
Roasted coffee	− 12.3	+ 30.9
Freeze-dried instant coffee	− 8.1	+ 21.0
ALCOHOLIC BEVERAGES	**+ 3.0**	**+ 4.4**
Beer & ale	+ 1.6	+ 1.9
Whiskey	+ 0.9	+ 7.2
Wine	+ 2.1	+ 2.3
OTHER PREPARED FOODS	**+ 3.9**	**+ 2.6**
Canned, packaged soup	+ 5.1	+ 2.5
Frozen prepared foods	+ 5.2	+ 2.6
Snacks	+ 4.1	+ 3.4
Seasonings, olives, pickles, relish	+ 2.8	+ 2.4
HOUSEKEEPING SUPPLIES	**+ 2.9**	**+ 1.9**
Soaps & detergents	+ 3.6	+ 3.7
Other laundry, cleaning products	+ 4.1	+ 3.5
Paper towels, napkins, tissues	+ 1.8	− 0.3
TOBACCO PRODUCTS	**+ 8.6**	**+ 6.8**
Cigarettes	+ 8.8	+ 7.0
Other tobacco products & accessories	+ 5.1	+ 4.9
HEALTH & BEAUTY AIDS	**—**	**—**
Prescriptions	+ 9.0	+ 8.6
Hair products	+ 0.6	+ 2.7
Dental & shaving products	+ 0.6	+ 4.1
Cosmetic, bath & nail products, manicure & eye makeup implements	+ 1.0	+ 3.5
Other toilet goods	+ 0.9	+ 3.2
GENERAL MERCHANDISE	**—**	**—**
Newspapers	+ 4.3	+ 4.0
Stationery & supplies	+ 1.7	+ 1.4
Magazines, books	+ 2.5	+ 5.0
Photo supplies	+ 4.8	+ 4.1
Motor oil, coolant & other products	+ 0.3	− 21.5

SUMMARY

(add 000 to all dollar figures)	1987 1 Value of Total Retail Sales (all outlets)	2 Amount Spent in Grocery Stores²	3 % of Total Store	4 % Gro.² to Total	5 Percentage Change from '86 to '87 Total¹	 Grocery²	1987 Supermarket Performance 6 Amount Spent in Supermarkets	7 % of Total Supermarket	8 $ Margin	9 % Margin
PERISHABLES	$202,712,309	$135,941,483	46.03	67	3.1	3.8	$109,616,852	50.36	$28,290,933	25.8
Baked Goods	18,392,353	11,608,044	3.93	63	2.3	2.7	8,345,728	3.83	1,777,640	21.3
In-Store Bakery	4,780,000	4,780,000	1.61	100	9.4	9.4	4,780,000	2.19	2,275,280	47.6
Dairy	37,083,518	19,740,548	6.58	53	0.7	2.1	13,934,269	6.40	2,828,657	20.3
Fresh & Cured Meat, Fish & Poultry	75,976,935	51,505,829	17.44	68	1.3	1.6	41,204,663	18.93	8,034,909	19.5
Frozen Foods	19,488,004	14,426,726	4.88	74	6.6	4.5	12,404,316	5.69	3,113,483	25.1
Produce	39,071,449	25,960,341	8.79	66	3.6	3.5	21,027,876	9.66	6,792,004	32.3
Service Deli	7,920,000	7,920,000	2.68	100	19.6	19.6	7,920,000	3.63	3,468,960	43.8
DRY GROCERY (FOOD)	132,013,063	85,436,304	28.9	65	2.1	3.0	61,434,440	28.22	11,927,401	19.1
Baby Foods	2,225,638	1,927,850	0.65	87	7.5	8.1	1,393,049	0.64	101,693	7.3
Baking Needs	2,826,225	2,574,609	0.87	91	-0.2	-0.1	1,878,636	0.86	379,484	20.2
Beer, Wine & Liquor	38,988,866	17,404,346	5.89	45	1.8	4.8	11,469,145	5.26	1,903,878	16.6
Breakfast Foods	6,195,463	6,077,367	2.06	98	6.5	8.1	4,574,535	2.10	654,159	14.3
Candy & Chewing Gum	9,922,669	3,422,831	1.16	34	2.8	2.8	2,655,969	1.22	844,598	31.8
Canned & Bottled Juices & Drinks	4,176,585	3,578,594	1.21	86	5.2	4.9	2,508,527	1.15	579,470	23.1
Canned & Dry Soups	2,302,835	2,174,182	0.73	94	2.7	3.0	1,654,450	0.76	282,911	17.1
Canned Fish & Other Canned Seafood	2,108,295	1,865,434	0.63	88	-0.7	-0.5	1,428,940	0.65	210,054	14.7
Canned Fruits	1,848,122	1,594,271	0.54	86	2.2	2.5	1,152,611	0.52	262,795	22.8
Canned Meat & Specialty Foods	1,903,365	1,456,136	0.49	77	-3.5	-2.4	1,027,970	0.47	244,657	23.8
Canned Milk	420,640	371,347	0.13	88	-3.4	-3.2	282,224	0.12	23,142	8.2
Canned Prepared Food	1,801,797	1,673,233	0.56	93	6.6	6.8	1,321,287	0.60	310,502	23.5
Canned Vegetables	3,368,471	3,016,074	1.02	90	-0.1	0.4	2,332,119	1.07	499,073	21.4
Condiments, Dressings, Spreads, Relishes	7,140,268	5,736,642	1.94	80	2.5	2.6	4,476,812	2.05	962,515	21.5
Desserts	642,762	562,460	0.19	88	-2.2	-2.2	432,055	0.19	91,164	21.1
Dried Foods	3,298,073	2,684,746	0.91	81	7.5	8.4	2,016,630	0.92	417,442	20.7
Fats & Shortenings	1,760,690	1,439,514	0.49	82	-3.8	-3.3	1,098,475	0.50	210,907	19.2
Jams, Jellies, Preserves	2,433,042	1,967,640	0.67	81	4.7	4.9	1,352,431	0.62	263,724	19.5
Pasta	1,443,816	1,048,226	0.36	73	4.9	4.9	786,170	0.36	199,687	25.4
Prepared Drinks	9,721,806	7,653,610	2.59	79	-6.4	-6.4	4,589,223	2.10	821,471	17.9
Snacks	8,537,906	5,509,482	1.87	65	7.2	8.0	3,537,235	1.62	848,936	24.0
Soft Drinks	16,329,681	9,548,707	3.23	58	3.1	4.3	7,874,729	3.61	1,582,821	20.1
Sweeteners, Flavors	2,614,048	2,149,003	0.73	82	1.0	0.7	1,591,218	0.73	232,318	14.6
Total Foods	334,725,372	221,377,792	74.9	66	2.7	3.5	171,051,292	78.59	40,218,334	23.5

HOW TO USE THESE CHARTS

1 This column shows total retail sales of a product line or category through all outlets. The value of a product is computed as if the product were sold at grocery store prices. Example: Total Retail Sales of Baked Goods: $18,392,353

2 This column shows the amount actually spent in grocery stores for each product line or category. Grocery stores are defined as retail outlets doing a major portion of their business in dry groceries. Example: Total Grocery Sales of Baked Goods — $11,508,044

3 This column shows the percentage of the total grocery store volume that is contributed by each product line or category. Example: 3.93% of the Total Grocery Store Sales come from the sale of Baked Goods

4 This column shows the share of the total sales of a product line or category that is sold through grocery stores. Example: 63% of the Total Sales of Baked Goods come from grocery sales

5 These columns show the year to year increase or decrease in total and grocery sales for each product line or category. Example: Total Sales of Baked Goods rose 2.3% and Grocery Store Sales of Baked Goods rose 2.7%

6 This column shows a breakout from column 2 of the amount of sales of a product line or category coming from supermarkets. Supermarkets are defined as grocery stores with annual sales of over $2 million. Example: Supermarket Sales of Baked Goods were $8,345,726 in 1987

7 This column shows the percentage of the total supermarket volume that is contributed by each product line or category. Example: 3.83% of the Total Supermarket Sales come from the sale of Baked Goods

8 This column shows the difference between the cost of an item and its retail price. Example: There was a difference of $1,777,640 between the cost to a supermarket for Baked Goods and their retail sales in 1985

9 This column takes the dollar margin from column 8 and expresses it as a percentage. Example: There was a difference of 21.3% between the cost of Baked Goods and their supermarket retail in 1987

— Not available

ND — No data available

¹Supermarket margins based on totals excluding Prescriptions

SUMMARY

(add 000 to all dollar figures)	1987						1987 Supermarket Performance			
	1 Value of Total Retail Sales (all outlets)	2 Amount Spent in Grocery Stores[2]	3 % of Total Store	4 % Gro.[2] to Total	5 Percentage Change from '86 to '87 Total[1]	5 Percentage Change from '86 to '87 Grocery[2]	6 Amount Spent in Supermarkets	7 % of Total Supermarket	8 $ Margin	9 % Margin
DRY GROCERY (NON-FOOD)	**$59,806,021**	**$39,247,855**	**13.29**	**66**	**3.6**	**3.1**	**$28,965,807**	**13.3**	**$4,775,561**	**16.5**
Home Canning Supplies	114,361	92,266	0.03	81	−0.5	−1.7	76,581	0.03	18,226	23.8
Laundry Supplies	1,273,965	1,171,552	0.40	92	2.8	2.7	853,843	0.39	146,007	17.1
Soaps & Detergents	$5,969,490	$5,431,522	1.84	91	0.4	0.6	$4,157,225	1.91	$577,842	13.9
Other Cleaners, Cleansers & Supplies	3,206,843	2,083,381	0.70	64	3.0	3.3	1,467,729	0.67	387,480	26.4
Paper, Plastic, Foil Products	11,957,293	9,800,114	3.32	82	3.7	3.4	7,303,712	3.35	1,117,468	15.3
Pesticides	514,845	325,850	0.11	63	−3.2	−4.0	247,646	0.11	67,112	27.1
Waxes & Polishes	392,085	304,279	0.10	78	−2.4	−2.2	211,498	0.09	46,587	22.5
Other Household Supplies	2,701,340	1,294,168	0.44	48	1.6	1.4	736,549	0.33	235,696	32.0
Pet Foods	6,139,404	5,653,294	1.91	92	2.2	2.0	4,895,339	2.24	861,580	17.6
Tobacco Products	27,482,395	13,091,429	4.43	48	5.2	5.1	9,015,685	4.14	1,316,290	14.6
HEALTH & BEAUTY AIDS (NON-Rx)	**32,015,666**	**11,506,403**	**3.90**	**36**	**5.1**	**5.8**	**9,013,602**	**4.14**	**2,287,835**	**25.4**
Cosmetics	4,755,921	623,396	0.21	13	3.4	3.6	464,041	0.21	154,526	33.3
Dieting Aids	444,544	211,515	0.07	48	4.3	3.7	74,030	0.03	19,544	26.4
Family Planning	502,048	60,625	0.02	12	11.1	35.7	54,487	0.02	22,013	40.4
Feminine Hygiene Products	1,718,412	1,022,913	0.35	60	3.7	3.0	897,320	0.41	173,183	19.3
Hair Products	4,126,165	1,623,722	0.55	39	2.5	2.7	1,375,616	0.63	393,426	28.6
Health Aids	1,119,712	515,695	0.18	46	2.6	2.5	418,497	0.19	127,642	30.5
Nail Care Products	574,871	108,885	0.04	19	8.9	11.1	86,019	0.03	29,935	34.8
Oral Hygiene Products	2,564,934	1,395,411	0.47	54	10.5	10.2	1,216,092	0.55	228,625	18.8
Packaged Medications	7,404,393	2,549,822	0.86	34	7.5	8.9	2,073,409	0.95	505,912	24.4
Personal Cleanliness Products	203,258	46,663	0.02	23	4.5	7.1	42,642	0.01	11,002	25.8
Personal Deodorants, Antiperspirants	1,164,334	653,217	0.22	56	2.9	3.9	581,363	0.26	141,271	24.3
Shaving Products	1,771,780	593,155	0.20	33	4.4	3.2	466,906	0.21	126,065	27.0
Skin Care Products	1,794,184	451,083	0.15	25	6.1	7.7	357,914	0.16	94,131	26.3
Vitamins & Tonics	1,558,047	584,025	0.20	37	2.7	3.4	478,900	0.22	155,154	32.4
Other HBA	2,313,063	1,065,916	0.36	46	2.7	5.6	426,366	0.19	116,398	27.3
PRESCRIPTIONS	**22,561,678**	**2,010,165**	**0.68**	**9**	**7.8**	**12.1**	**2,010,165**	**0.92**	—	—
GENERAL MERCHANDISE	**nd**	**1,316,314**	**0.45**	—	—	**NC**	**6,608,317**	**3.00**	**1,229,147**	**18.6**
Audio & Video	4,632,099	710,529	0.24	15	11.2	32.6	433,423	0.19	160,800	37.1
Auto Supplies	1,953,373	359,962	0.12	18	−2.1	−3.2	323,966	0.14	73,216	22.6
Electrical Appliances	nd	200,699	0.07	—	—	22.3	186,650	0.08	59,168	31.7
Flashlights and Batteries	3,888,171	608,281	0.20	15	8.5	8.5	541,370	0.24	207,345	38.3
Greeting Cards	4,032,554	502,418	0.17	12	9.2	11.2	487,346	0.22	248,059	50.9
Hardware	nd	243,411	0.08	—	—	0.7	236,109	0.10	91,610	38.8
Housewares	4,760,444	1,119,980	0.38	24	3.3	4.8	1,661,741	0.76	682,976	41.1
Other Housewares	nd	593,155	0.20	—	—	4.3	—	—	—	—
Periodicals	10,293,753	1,645,743	0.56	16	4.9	9.5	1,333,052	0.61	37,338	28.1
Other Merchandise	4,056,548	492,705	0.17	12	5.7	3.6	379,837	0.17	164,849	43.4
Pet Accessories	1,591,986	435,200	0.14	27	1.5	1.7	422,144	0.19	159,148	37.7
Photo Supplies & Processing	7,935,218	1,080,691	0.36	14	7.0	9.9	994,236	0.43	210,778	21.2
Stationery	646,843	130,016	0.04	20	3.1	2.4	110,514	0.05	40,006	36.2
Toys	12,762,550	277,669	0.09	2	5.6	3.5	222,135	0.10	85,744	38.6
Underwear & Hosiery	5,698,550	996,755	0.30	17	3.2	4.8	965,597	0.44	336,994	34.9
Writing Implements	951,308	111,552	0.03	12	5.4	6.2	80,317	0.03	33,010	41.1
Other General Merchandise	nd	1,316,314	0.45	—	—	Nc	1,303,151	0.59	390,945	30.0
Total Foods & Non-Foods*	**nd**	**284,284,138**	**96.27**	—	—	**5.1**	**211,040,866**	**97.00**	**50,263,766**	**23.8**
Sales N.C.E.	**nd**	**11,013,862**	**3.73**	—	—	**Nc**	**6,608,317**	**3.00**	**1,229,147**	**18.6**
GRAND TOTAL*	**nd**	**295,298,000**	**100.00**	—	—	**5.6**	**217,649,183**	**100.00**	**51,492,913**	**23.7**

— Not available nd No data available

*Supermarket margins based on total excluding Prescriptions

	1987										1986			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro[2] to Total	Percentage Change from '86 to '87		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro[2] to Total
					Total[1]	Grocery[2]								
PERISHABLES														
Baked Goods	$18,392,353	$11,508,044	3.93	63	2.3	2.7	$8,345,728	3.63	$1,777,648	21.3	$17,983,406	$11,296,991	4.04	53
Bread & Rolls	10,194,477	6,292,857	2.13	62	1.4	1.3	4,530,857	2.08	928,826	20.5	10,051,352	6,209,445	2.22	52
Rolls, Bread Type[4]	1,403,034	401,005	0.13	29	1.9	2.2					1,376,873	392,373	0.14	28
Variety Bread	1,891,742	830,569	0.28	44	3.4	3.7					1,829,538	800,934	0.29	44
White Bread	6,899,701	5,061,283	1.71	73	0.8	0.9					6,844,941	5,016,138	1.79	73
Crackers, Cookies, Biscuits	4,850,830	4,443,962	1.50	93	4.8	5.0	3,199,652	1.47	735,920	23.0	4,628,655	4,232,345	1.51	91
Bread & Cracker Crumbs	75,031	59,725	0.02	80	3.7	4.0	50,169	0.02	10,586	21.1	72,354	57,428	0.02	79
Croutons	41,045	26,927	0.00	66	9.6	10.4	23,695	0.01	5,023	21.2	37,450	24,390	0.01	55
Sweet Goods	3,230,970	784,573	0.26	24	1.2	1.4	541,355	0.24	120,181	22.2	3,193,597	773,383	0.28	24
Cakes & Pastry	2,183,366	483,758	0.16	22	1.8	2.2					2,144,760	473,344	0.17	22
Doughnuts	574,272	200,138	0.06	35	0.2	0.8					573,126	198,550	0.07	35
Pies	473,332	100,677	0.03	29	0.5	0.8					475,711	101,489	0.04	21
In-Store Bakery	4,780,000	4,780,000	1.61	100	9.4	9.4	4,780,000	2.19	2,275,280	47.6	4,370,000	4,370,000	1.56	100
Dairy	37,083,518	19,740,548	6.68	53	0.7	2.1	13,934,269	6.40	2,828,657	20.3	36,662,288	19,202,394	6.87	52
Cheese	5,800,506	4,251,487	1.43	73	1.2	1.5	3,360,638	1.54	890,569	26.5	5,730,085	4,189,329	1.50	73
Cottage & Pot Cheese	694,966	494,483	0.16	71	3.1	3.0	356,028	0.16	58,745	16.3	717,199	509,776	0.18	71
Natural Cheese[5]	3,118,880	1,828,865	0.61	59	1.5	1.9	1,481,380	0.68	404,417	27.3	3,072,788	1,794,764	0.64	58
Processed Cheese[6]	1,986,660	1,928,139	0.65	97	2.4	2.3	1,523,230	0.69	429,551	28.2	1,940,098	1,884,789	0.67	97
Eggs	5,261,078	1,693,449	0.57	32	0.6	0.9	1,066,873	0.49	177,101	16.6	5,229,700	1,678,344	0.60	32
Milk & Milk Products	18,720,782	7,359,748	2.49	29	1.6	1.2	4,877,895	2.24	692,661	14.2	19,020,741	7,452,412	2.67	39
Butter	1,751,313	887,391	0.30	51	0.8	0.3	701,039	0.32	128,290	18.3	1,765,436	890,061	0.32	50
Fresh Cream	398,722	223,985	0.07	56	3.3	3.1	170,229	0.07	35,067	20.6	412,329	231,151	0.08	56
Fresh Milk	16,501,607	6,184,465	2.09	37	1.6	1.3					16,771,990	6,265,922	2.24	37
For Home Consumption	*10,346,884*	*6,184,465*	*2.09*	*60*	*1.5*	*1.3*	*3,958,058*	*1.81*	*518,506*	*13.1*	*10,504,451*	*6,265,922*	*2.24*	*60*
Other Milk	*6,154,723*	—	—	—	*1.8*						*6,267,539*			
Refrigerated Toppings	69,140	63,907	0.02	92	2.6	2.1	48,569	0.02	9,860	20.3	70,986	65,278	0.02	92
Yogurt	2,259,816	1,919,840	0.65	85	14.9	14.3	1,363,086	0.62	329,869	24.2	1,966,768	1,679,650	0.60	85
Margarine	1,846,204	1,538,659	0.52	83	1.2	0.9	1,107,835	0.50	234,861	21.2	1,868,628	1,552,633	0.56	83
Refrigerated Fruit Juices, Drinks	2,149,118	2,072,895	0.70	96	8.6	8.8	1,451,027	0.66	335,187	23.1	1,978,504	1,905,413	0.68	96
Apple Juice	66,186	63,051	0.02	95	11.7	12.8					59,253	55,896	0.02	94
Grapefruit Juice	152,840	141,833	0.04	93	10.6	10.8					138,192	128,008	0.05	93
Orange Flavored Drinks	125,523	117,991	0.03	91	7.9	8.1					116,333	109,150	0.04	94
Orange Juice	1,730,541	1,678,927	0.56	97	8.3	8.4					1,597,914	1,548,826	0.55	97
Other Fruit Juices & Drinks	74,028	71,093	0.02	96	10.8	11.9					66,812	63,533	0.02	95
Refrigerated Dough Products	682,670	654,173	0.22	96	3.1	3.3	510,255	0.23	139,300	27.3	662,144	633,275	0.23	96
Refrigerated Dips	88,315	78,600	0.02	89	0.4	0.6	59,736	0.02	12,126	20.3	NA	NA	NA	NA
Refrigerated Puddings	62,697	55,800	0.01	89	22.8	24.2	42,408	0.01	8,566	20.2	NA	NA	NA	NA
Refrigerated Fish Appetizers	31,431	29,147	0.00	93	0.9	0.7	23,317	0.01	6,785	29.1	31,716	29,352	0.01	93
Refrigerated Pickles, Relishes	168,468	76,183	0.02	45	1.7	1.8	61,708	0.02	18,759	30.4	165,652	74,836	0.03	45
Refrigerated Salads	12,433	10,567	0.00	85	48.9	47.8	9,571	0.00	3,072	32.3	8,350	7,150	0.00	86
Frozen Foods	19,488,004	14,426,726	4.88	74	6.6	4.5	12,404,316	5.69	3,113,483	25.1	18,150,276	13,701,378	4.90	75
Frozen Baked Goods	1,290,573	1,174,501	0.39	91	5.9	6.4	1,020,856	0.46	271,548	26.6	1,218,163	1,103,422	0.39	91
Frozen Bagels	150,892	144,414	0.04	96	15.5	16.8	124,196	0.05	35,272	28.4	130,642	123,642	0.04	95
Frozen Breads & Rolls	368,716	327,201	0.11	89	17.3	18.6	278,121	0.12	78,708	28.3	314,336	275,886	0.10	88
Frozen Cakes & Pastries	424,930	394,643	0.13	93	2.0	1.9	347,285	0.15	88,905	25.6	433,602	402,286	0.14	93
Frozen Pies	346,035	308,243	0.10	89	1.9	2.2	271,254	0.12	69,712	25.7	339,583	301,608	0.11	89
Frozen Breakfast Entrees	490,697	467,666	0.15	95	18.3	18.6	439,606	0.20	110,781	25.2	414,653	394,245	0.14	95
French Toast, Pancakes	75,490	71,802	0.02	95	21.6	22.1					62,081	58,806	0.02	95
Waffles	264,479	250,341	0.08	95	14.1	14.3					231,796	219,021	0.08	94
Other Breakfast	150,728	145,523	0.04	97	24.8	25.0					120,776	116,418	0.04	96

WHAT THE NUMBERS MEAN

1 All consumption— all retail sales, not including products sold through restaurants and institutions that have been altered by the seller. Excluding those portions of a commodity which are used commercially as an ingredient in another product.

2 Refers to grocery stores and includes supermarkets. Excluded from this column (but included in the first column) are sales by such specialty food stores as delicatessens, dairy stores, bakeries, meat markets, confectionery stores, fruit and vegetable markets, egg dealers, drug stores, and newsstands.

3 Decreases are shown by minus signs. Other figures represent increases. Comparisons to 1986 are based solely on the item categories which were reported in both the 1986 and 1987 studies.

4 Includes bagels, onion rolls, etc.

5 Includes cheddar, colby, brick, cream, foreign types.

6 Includes cheese food and cheese spreads.

NA Not applicable.

* Represents a revision of the 1986 figures, due to the inclusion of new items within the categories.

PERISHABLES

CONTINUED

(add 000 to all dollar figures)	1987										1986			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro [2] to Total	Percentage Change from '86 to '87 Total[1]	Percentage Change from '86 to '87 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Ice Cream	5,121,904	1,770,887	0.59	35	4.2	3.6	1,204,203	0.55	248,066	20.6	4,915,648	1,709,350	0.61	38
Bulk Ice Cream[7]	773,763	—	—	—	5.3	—					734,818			
Packaged Ice Cream	2,724,328	1,770,887	0.59	41	0.1	3.6					2,721,606	1,709,350	0.61	41
Specialty Ice Cream	1,623,813				8.6						1,495,224			
Frozen Coffee Creamer	46,835	42,776	0.01	91	0.9	1.2	37,215	0.01	10,383	27.9	46,417	42,269	0.02	91
Frozen Toppings	184,433	171,284	0.05	93	0.8	1.9	147,304	0.06	35,353	24.0	182,969	168,090	0.60	92
Frozen Meat, Fish, Poultry	3,660,119	3,077,872	1.04	84	7.2	7.6	2,739,877	1.25	764,426	27.9	3,414,114	2,860,198	1.02	84
Fish & Other Seafood	996,496	734,661	0.24	74	9.5	9.4	646,162	0.29	189,972	29.4	910,097	671,560	0.24	74
Frozen Fish Sticks	*120,985*	*95,654*	*0.03*	*79*	*7.3*	*8.3*	*86,088*	*0.03*	*21,522*	*25.0*	*112,754*	*88,323*	*0.03*	*78*
Frozen Shrimp	*300,496*	*225,180*	*0.07*	*75*	*12.8*	*10.8*	*195,907*	*0.09*	*53,091*	*27.1*	*266,397*	*203,231*	*0.07*	*76*
Other Frozen Fish & Seafood	*575,015*	*413,827*	*0.14*	*72*	*8.3*	*8.9*	*364,167*	*0.16*	*115,441*	*31.7*	*530,946*	*380,006*	*0.14*	*72*
Frozen Meat	427,074	206,406	0.06	48	1.4	0.9	191,958	0.08	56,052	29.2	433,138	208,281	0.07	48
Frozen Poultry	2,236,549	2,136,805	0.72	96	8.0	7.9	1,901,757	0.87	519,180	27.3	2,070,879	1,980,357	0.71	96
Frozen Prepared Foods (Precooked)	4,091,308	4,004,938	1.35	98	4.4	5.0	3,563,622	1.63	858,833	24.1	3,792,101	3,715,165	1.33	98
Frozen Dinners & Entrees	1,829,167	1,827,411	0.61	99	9.8	9.9	1,608,122	0.73	368,260	22.9	1,665,908	1,662,792	0.59	100
Frozen Meat Pies	236,043	219,936	0.07	93	1.2	1.0	406,420	0.18	102,824	25.3	238,910	222,158	0.08	93
Frozen Pizza	1,099,156	1,089,730	0.36	99	2.3	1.4	958,963	0.44	233,028	24.3	1,125,032	1,105,203	0.40	98
Frozen Poultry Pies	228,297	212,426	0.07	93	1.2	1.6		See meat pies			225,590	209,081	0.07	93
Frozen Oriental	159,268	156,133	0.05	98	18.6	17.3	138,959	0.06	38,770	27.9	195,661	188,795	0.07	96
Frozen Mexican	376,710	367,068	0.12	97	20.9	22.9	334,032	0.15	83,842	25.1	311,588	298,915	0.11	96
Frozen Sandwiches	133,461	104,100	0.03	78	12.8	14.0	92,649	0.04	25,108	27.1	NA	NA	NA	NA
Other Frozen Prepared Foods	29,206	28,134	0.00	96	0.7	0.3	24,477	0.01	6,927	28.3	29,412	28,219	0.01	96
Frozen Fruits[8]	133,624	124,791	0.04	93	4.0	4.2	108,568	0.04	30,725	28.3	128,471	119,704	0.04	93
Blueberries	15,846	14,406	0.00	91	14.1	14.6					13,888	12,571	0.00	91
Raspberries	16,489	15,302	0.00	93	2.9	3.1					16,024	14,842	0.01	93
Strawberries	59,030	55,981	0.01	95	0.9	1.3					58,503	55,263	0.02	94
Other Frozen Fruits	42,259	39,102	0.01	93	5.5	5.6					40,056	37,028	0.01	92
Frozen Fruit Juice Concentrates	1,468,709	1,342,057	0.45	91	5.5	5.4	1,137,829	0.52	276,492	24.3	1,553,851	1,418,941	0.51	91
Apple Juice	131,624	121,367	0.04	92	0.9	0.8		See other			132,819	122,346	0.04	92
Grape Juice	94,411	85,949	0.02	91	1.1	1.4					93,384	84,763	0.03	91
Grapefruit Juice	20,267	17,614	0.00	87	7.3	6.9					20,959	18,718	0.01	89
Orange Juice	1,182,071	1,079,547	0.36	91	6.7	6.6	906,820	0.41	220,357	24.3	1,266,957	1,155,832	0.41	91
Other Fruit Concentrates	40,336	37,580	0.01	93	0.7	0.8	231,009	0.10	56,828	24.6	39,732	37,282	0.01	94
Frozen Fruit Drinks	146,297	134,871	0.04	92	1.2	1.6	117,338	0.05	31,329	26.7	144,559	132,798	0.05	92
Lemonade Bases	53,997	50,126	0.01	93	2.2	2.5					52,835	48,903	0.02	93
Regular Orange	13,311	11,986	0.00	90	1.3	1.8					13,140	11,774	0.00	90
Synthetic Orange	31,870	28,826	0.00	90	8.4	8.1					34,793	31,367	0.01	90
Other Fruit Drinks	47,[illegible]9	43,933	0.01	93	7.6	7.8					43,791	40,754	0.01	93
Frozen Vegetables	2,853,505	2,115,083	0.71	74	3.4	3.8	1,887,898	0.86	498,405	26.4	2,759,330	2,037,196	0.73	74
Asparagus	65,664	45,816	0.01	70	3.6	3.9		See other			63,382	44,096	0.02	70
Broccoli	138,757	97,795	0.03	70	0.8	0.9					137,656	96,923	0.03	70
Cauliflower	34,747	24,362	0.00	70	3.6	3.8					36,045	25,324	0.01	70
Corn	202,135	139,555	0.04	69	3.6	3.8					195,111	134,446	0.05	69
French Fried Potatoes	851,222	686,209	0.23	81	7.1	7.5	578,095	0.26	153,195	26.5	794,792	640,194	0.23	81
Green Beans	92,855	68,246	0.02	73	2.5	2.9					90,590	66,323	0.02	73
Green Peas	155,473	109,680	0.03	71	0.1	0.2					155,320	109,461	0.04	70
Lima Beans	53,717	35,228	0.01	66	1.5	1.7					52,923	34,639	0.01	65
Onion Products	52,794	37,302	0.01	71	7.3	7.8					49,202	34,603	0.01	70
Other Potato Products	100,762	73,036	0.02	72	1.6	1.8	64,272	0.02	17,546	27.3	99,175	71,745	0.03	72
Spinach	62,670	44,491	0.01	71	2.1	2.1					61,381	43,576	0.02	71
Vegetable Combinations & In Sauce	740,543	536,842	0.18	72	2.8	3.1					720,373	520,700	0.19	72
Other Frozen Vegetables	302,166	214,521	0.07	71	0.4	0.3	1,245,531	0.57	327,575	26.3	303,380	215,166	0.08	71
Fresh & Cured Meat, Fish & Poultry	75,976,985	51,505,829	17.44	68	1.3	1.6	41,204,663	8.93	8,034,909	19.5	75,024,580	50,676,984	18.2	68
Fresh Fish & Other Fresh Seafood	4,173,225	3,649,125	1.23	87	17.0	16.8					3,566,859	3,124,251	1.12	88
Fresh Meat	42,733,858	26,499,349	8.97	62	0.7	0.5					43,025,391	26,625,812	9.52	62
Beef	34,603,874	20,960,787	7.09	61	2.0	1.9					35,310,076	21,366,755	7.64	61
Lamb	1,170,444	1,037,144	0.35	89	0.7	0.4					1,178,695	1,041,309	0.37	88
Pork	6,085,883	3,954,678	1.33	65	8.2	8.4					5,624,661	3,648,227	1.30	65
Veal	873,657	546,740	0.18	65	4.2	4.0					911,959	569,521	0.20	62
Fresh Poultry	11,921,120	7,714,913	2.61	65	4.2	3.3					11,440,614	7,432,479	2.65	65
Packaged Meats	17,148,782	13,642,442	4.61	30	0.9	1.1					16,991,716	13,494,442	4.83	79
Cured Ham & Picnics	2,569,016	2,046,525	0.69	80	2.7	2.3					2,640,304	2,094,703	0.75	79
Frankfurters	2,122,839	1,650,985	0.55	78	3.8	3.9					2,045,124	1,589,013	0.57	78
Packaged Bacon	2,702,255	2,223,764	0.75	82	0.1	0.2					2,699,555	2,219,325	0.79	82
Packaged Cold Cuts	4,430,514	3,511,356	1.18	79	1.2	1.3					4,377,978	3,466,294	1.24	79
Sausages (Uncooked)	1,455,994	1,146,093	0.38	79	1.1	1.4					1,440,152	1,130,269	0.40	78
Other Sausage Products (Cooked)	3,868,164	3,063,719	1.03	79	2.1	2.3					3,788,603	2,994,838	1.07	79

[7] Grocery store sales are mainly packaged ice cream and specialties, and a negligible amount of bulk ice cream

[8] Consumer size packages for home use

PERISHABLES

CONTINUED

(add 000 to all dollar figures)	1987										1986			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro[2] to Total	Percentage Change from '86 to '87 Total[1]	Percentage Change from '86 to '87 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Service Deli	7,920,000	7,920,000	2.68	100	19.6	19.6	7,920,000	3.63	3,468,960	43.8	6,620,000	6,620,000	2.37	100
Produce	39,071,449	25,960,341	8.79	66	3.6	3.5	21,027,876	9.66	6,792,004	32.3	37,716,335	25,077,571	8.97	66
Fresh Vegetables	24,928,140	14,974,546	5.07	60	3.9	3.9					23,999,360	14,408,747	5.15	60
Carrots	540,996	381,898	0.12	71	4.3	4.8					518,692	364,407	0.13	70
Celery	737,821	483,369	0.16	66	8.2	10.9					681,905	435,860	0.16	64
Corn	568,154	316,224	0.10	56	2.9	3.9					552,142	304,354	0.11	55
Lettuce	2,633,150	1,722,249	0.58	65	15.1	16.8					2,287,706	1,474,528	0.53	65
Mushrooms	606,250	416,083	0.14	69	-6.2	-5.8					646,322	441,702	0.16	68
Onions	1,017,135	585,421	0.19	58	7.3	7.8					947,936	543,062	0.19	57
Potatoes	3,292,430	1,984,927	0.67	60	-5.3	-5.1					3,476,695	2,091,598	0.75	60
Tomatoes	2,609,350	1,521,963	0.51	58	-2.4	-2.3					2,673,514	1,557,792	0.56	58
Other Fresh Vegetables[5]	12,922,854	7,562,412	2.56	59	5.8	5.1					12,214,418	7,195,444	2.57	59
Fresh Fruit	13,147,610	10,704,501	3.62	81	2.9	2.9					12,779,645	10,407,399	3.72	81
Apples	2,806,866	2,495,519	0.84	89	1.8	2.1					2,757,236	2,444,191	0.87	89
Bananas	1,817,845	1,464,953	0.49	81	-6.0	-6.0					1,933,878	1,558,461	0.56	81
Citrus Fruits	2,733,215	2,274,907	0.77	83	13.3	12.2					2,412,370	2,027,546	0.73	84
Other Fresh Fruits	5,789,684	4,469,122	1.51	77	2.0	2.1					5,676,161	4,377,201	1.57	77
Floral	709,259	94,198	0.03	13	7.9	18.6					657,330	79,425	0.03	12
Wild Bird Seed[9]	286,440	187,096	0.06	65	2.3	2.8					280,000	182,000	0.07	65
Total Perishables	202,712,300	135,941,488	46.03	67	3.1	3.8	109,616,852	50.36	28,290,933	25.8	196,619,639	130,945,318	46.84	67

DRY GROCERY—FOOD

	1987										1986			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro[2] to Total	Percentage Change from '86 to '87 Total[1]	Percentage Change from '86 to '87 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Baby Foods	$2,225,638	$1,927,850	0.65	87	7.5	8.1	1,393,049	0.64	101,693	7.3	$2,070,614	$1,783,983	0.63	86
Desserts	69,391	57,778	0.02	83	5.4	5.3	41,022	0.01	3,200	7.8	65,836	54,870	0.01	83
Fruits & Juices	371,871	337,524	0.11	91	6.0	6.3	239,642	0.11	21,328	8.9	350,822	317,520	0.11	91
Meat & Combinations	272,835	232,020	0.07	85	10.3	11.8	164,734	0.07	2,469	9.1	247,357	207,531	0.07	84
Vegetables	110,162	93,586	0.03	85	8.6	8.8	66,446	0.03	6,711	10.1	101,438	86,017	0.03	85
Infant Cereals	67,810	57,827	0.02	85	1.8	1.9	41,057	0.01	4,598	11.2	66,611	56,749	0.02	85
Infant Formulas	1,333,569	1,149,115	0.38	86	7.7	8.3	840,148	0.38	50,409	6.0	1,238,550	1,061,296	0.38	86
Hypoallergenic Formulas	*335,496*	*290,061*	*0.10*	*86*	*9.1*	*9.4*					*307,512*	*265,138*	*0.09*	*86*
Routine Infant Formulas	*998,072*	*859,054*	*0.29*	*86*	*7.2*	*7.9*					*931,038*	*796,158*	*0.28*	*86*
Baking Needs	2,826,225	2,574,609	0.87	91	0.2	0.1	1,878,636	0.86	379,484	20.2	2,833,279	2,577,092	0.92	91
Baking Chocolate & Bits	393,541	374,154	0.13	95	2.3	2.3	273,132	0.12	57,085	20.9	384,693	365,742	0.13	95
Baking Powder	21,024	18,926	0.01	90	1.8	1.6	13,816	0.00	2,666	19.3	21,409	19,195	0.00	90
Baking Soda	14,816	12,285	0.00	83	0.8	-0.7	8,968	0.00	2,018	22.5	14,935	12,372	0.00	83
Yeast	47,872	45,394	0.01	95	0.3	0.8	33,592	0.01	6,349	18.9	47,729	45,034	0.02	94
Baking Nuts	364,411	290,129	0.10	80	3.9	3.7	211,794	0.09	61,420	29.0	350,824	279,756	0.10	80
Shelled Walnuts	*247,604*	*195,719*	*0.07*	*79*	*1.7*	*1.8*					*243,465*	*192,258*	*0.07*	*79*
Other Baking Nuts	*116,807*	*94,410*	*0.03*	*81*	*8.8*	*7.9*					*107,359*	*87,498*	*0.03*	*82*
Flour	1,984,561	1,833,721	0.62	92	1.4	-1.1	1,337,334	0.61	251,419	18.8	2,013,689	1,854,993	0.66	92
Cake Flour	*11,473*	*10,382*	*0.00*	*90*	*-3.1*	*2.8*	*7,579*	*0.00*	*1,107*	*14.6*	*11,840*	*10,681*	*0.00*	*90*
Corn Meal	*142,383*	*117,805*	*0.04*	*83*	*3.9*	*4.6*	*85,998*	*0.03*	*18,490*	*21.5*	*148,161*	*123,485*	*0.04*	*83*
Family Flour	*506,649*	*419,107*	*0.14*	*83*	*-3.1*	*2.8*	*305,948*	*0.14*	*41,303*	*13.5*	*522,858*	*431,180*	*0.15*	*82*
Pancake & Waffle Mixes	*138,289*	*128,352*	*0.04*	*93*	*0.5*	*0.7*	*92,414*	*0.04*	*18,581*	*20.1*	*137,601*	*127,460*	*0.05*	*93*
Prepared Mixes	*1,185,767*	*1,158,075*	*0.39*	*98*	*0.6*	*0.4*	*845,395*	*0.38*	*172,461*	*20.4*	*1,193,229*	*1,162,187*	*0.42*	*97*
Cake Mixes	545,042	522,112	0.18	96	0.1	0.4					545,497	520,132	0.19	95
Frostings, Icings, Fudge	280,560	266,020	0.09	95	0.9	0.8					283,108	268,165	0.10	95
Pie Crust Mixes	58,761	56,464	0.02	96	-2.5	-2.6					60,266	57,972	0.02	96
Pizza Pie Mixes	87,086	84,323	0.03	97	3.2	2.9					84,386	81,947	0.03	97
Other Prepared Mixes	243,318	229,156	0.08	98	2.2	-2.1					239,589	234,071	0.08	98
Beer, Wine & Liquor	38,988,866	17,404,346	5.89	45	1.8	4.8	11,469,145	5.26	1,903,878	16.6	38,294,497	16,612,565	5.94	43
Beer for Home Consumption	20,124,448	14,294,914	4.84	71	4.2	5.3	9,434,643	4.33	1,198,200	12.7	19,307,629	13,580,255	4.86	70
Imported Beer	*1,048,510*	*748,609*	*0.25*	*71*	*9.0*	*10.3*					*961,936*	*678,703*	*0.24*	*71*
Domestic Beer	*19,075,938*	*13,546,305*	*4.59*	*71*	*4.0*	*5.0*					*18,342,248*	*12,901,243*	*4.61*	*70*
Liquor	11,277,593	302,156	0.10	3	-1.5	-0.3	277,983	0.12	107,857	38.8	11,449,333	303,065	0.11	3
Wine	6,408,459	2,004,505	0.68	31	0.4	0.9	1,282,884	0.58	425,917	33.2	6,434,196	1,986,626	0.71	31
Alcohol Coolers[10]	1,178,366	802,771	0.27	68	6.8	8.1	473,635	0.21	107,515	22.7	1,103,339	742,619	0.27	67

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[9] Includes packages, bulk, and bells

[10] Includes wine and malt based coolers

** Represents a revision of the 1986 figures previously published

DRY GROCERY—FOOD

CONTINUED

(add 000 to all dollar figures)	1987										1986			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage Change from '86 to '87 Total[1]	Percentage Change from '86 to '87 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Breakfast Foods	**6,195,463**	**6,077,367**	**2.08**	**98**	**6.5**	**8.1**	**4,574,535**	**2.10**	**654,159**	**14.3**	**5,818,782**	**5,623,083**	**2.01**	**97**
Cold Cereals	5,134,015	5,048,386	1.71	98	7.9	8.9	3,786,290	1.73	503,577	13.3	4,758,123	4,635,800	1.66	97
Hominy Grits	85,584	76,100	0.03	89	0.5	0.7	59,358	0.02	11,515	19.4	85,158	75,571	0.03	89
Hot Cereals	499,316	454,762	0.15	91	9.6	10.3	350,167	0.16	57,427	16.4	455,580	412,296	0.15	90
Cereal Bars	349,427	338,696	0.13	97	12.6	13.3	290,533	0.13	60,431	20.8	399,802	386,198	0.14	97
Toaster Pastries	127,121	120,804	0.04	95	5.9	6.7	88,187	0.04	17,990	20.4	120,039	113,218	0.04	94
Candy & Chewing Gum	**9,922,669**	**3,422,831**	**1.16**	**34**	**2.8**	**2.8**	**2,655,969**	**1.22**	**844,598**	**31.8**	**9,651,306****	**3,331,220****	**1.14**	**34**
Bar Candy	3,460,944	1,095,263	0.37	32	1.5	1.5					3,410,352	1,079,152	0.39	32
Chocolate	*2,736,351*	*861,631*	*0.29*	*31*	*1.4*	*1.6*					*2,698,571*	*848,062*	*0.30*	*31*
Non-Chocolate	*724,593*	*233,632*	*0.08*	*32*	*1.8*	*1.1*	*1,756,294*	*0.80*	*537,426*	*30.6*	*711,781*	*231,090*	*0.08*	*32*
Packaged Chocolate	308,715	136,957	0.04	44	1.3	1.0					304,860	135,549	0.05	44
Chocolate Covered Creams	*148,778*	*67,533*	*0.02*	*45*	*0.9*	*0.8*					*150,129*	*68,078*	*0.02*	*45*
Chocolate Covered Fruits	*78,026*	*32,907*	*0.01*	*42*	*2.4*	*1.8*					*76,197*	*32,325*	*0.01*	*42*
Chocolate Covered Nuts	*81,911*	*36,517*	*0.01*	*45*	*4.3*	*3.9*					*78,534*	*35,146*	*0.01*	*45*
Packaged Candy Covered Chocolate	388,795	203,941	0.07	52	8.2	6.1					359,330	192,216	0.07	53
Bulk Candy	719,745	459,289	0.16	64	-3.0	3.2					698,782	445,047	0.16	64
Packaged Soft Candy	119,642	63,382	0.02	53	3.8	4.3					124,368	66,230	0.02	53
Packaged Hard Candy	320,327	181,119	0.06	57	0.7	0.1					318,096	180,938	0.06	57
Hard Roll Candy	140,262	67,575	0.02	48	1.3	2.8					142,109	69,522	0.02	49
Diet Candy, Mints, Gum	20,741	15,632	0.01	75	2.7	2.9					21,317	16,099	0.01	76
Breath Fresheners	209,736	101,806	0.03	49	4.0	3.8	67,192	0.03	22,241	33.1	201,669	98,079	0.04	49
Marshmallows	85,598	75,073	0.02	88	7.3	6.8	51,050	0.02	15,009	29.4	79,774	70,293	0.03	88
Chewing Gum	1,818,369	818,827	0.28	45	5.1	5.1	630,497	0.28	85,306	35.3	1,730,906**	778,908**	0.22	45
Sugared	*1,151,920*	*518,365*	*0.18*	*45*	*5.2*	*5.2*					*1,094,981***	*492,742***	*0.13*	*45*
Sugarless	*666,449*	*299,902*	*0.10*	*45*	*4.8*	*4.8*					*635,925***	*286,166***	*0.09*	*45*
Other Candy	2,329,795	203,967	0.07	9	3.1	2.4	150,936	0.06	—	—	2,259,743	199,187	0.07	9
Canned Fish & Canned Seafood	**2,108,295**	**1,865,434**	**0.63**	**88**	**0.7**	**0.5**	**1,428,940**	**0.65**	**210,054**	**14.7**	**2,122,494**	**1,875,395**	**0.67**	**88**
Canned Salmon	362,071	267,670	0.09	74	1.3	1.1	206,106	0.09	40,397	19.6	366,840	270,647	0.10	74
Canned Sardines	112,251	106,232	0.04	95	6.2	6.4	82,861	0.03	17,401	21.0	105,698	99,842	0.04	94
Canned Tuna	1,549,388	1,426,092	0.48	92	1.1	1.0	1,098,091	0.50	142,752	13.0	1,566,621	1,440,497	0.52	92
Other Canned Fish & Seafood	84,585	65,440	0.02	77	1.5	1.6	41,882	0.01	10,471	25.0	83,335	64,409	0.02	77
Canned Fruits	**1,848,122**	**1,594,271**	**0.54**	**86**	**2.2**	**2.5**	**1,152,611**	**0.52**	**262,795**	**22.8**	**1,807,593**	**1,555,446**	**0.58**	**86**
Applesauce	286,843	253,313	0.09	88	13.2	13.6	187,452	0.08	46,863	25.0	253,395	222,987	0.08	88
Apricots	27,516	24,726	0.01	90	10.8	10.8	18,050	0.00	4,025	22.3	30,848	27,720	0.01	90
Citrus	59,349	52,539	0.02	89	2.6	2.9	39,929	0.01	11,380	28.5	57,845	51,058	0.02	88
Cranberries	106,170	95,135	0.03	90	4.4	4.8	77,161	0.03	15,355	19.9	101,695	90,778	0.03	89
Fruit Cocktail	285,440	244,931	0.08	86	3.5	3.6	171,452	0.07	36,005	21.0	275,787	236,420	0.08	86
Peaches	358,893	308,936	0.10	86	1.0	1.3	203,898	0.09	44,450	21.8	218,340	304,971	0.11	86
Pears	168,487	143,100	0.05	85	1.8	1.9	113,049	0.05	23,627	20.9	165,508	140,432	0.05	85
Pineapple	240,243	202,786	0.07	84	1.1	1.4	156,145	0.07	38,724	24.8	242,915	205,665	0.07	85
Other Canned Fruit	315,181	268,805	0.09	85	2.8	2.4	185,475	0.08	42,288	22.8	324,260	275,415	0.10	85
Canned & Bottled Juices & Drinks[11]	**4,176,585**	**3,578,594**	**1.21**	**86**	**5.2**	**4.9**	**2,508,527**	**1.15**	**579,470**	**23.1**	**3,970,961**	**3,409,958**	**1.22**	**86**
Apple Cider & Juice	787,678	728,455	0.25	92	1.2	1.4	531,772	0.24	119,649	22.5	778,338	718,397	0.26	92
Cranberry Juice	324,577	308,143	0.10	95	3.3	4.5	289,655	0.13	58,510	20.2	314,208	294,874	0.11	94
Grape Juice	135,125	125,189	0.04	93	1.4	1.5	98,899	0.04	22,054	22.3	133,259	123,339	0.04	93
Grapefruit Juice	180,612	151,313	0.05	84	9.7	9.4	119,538	0.05	23,310	19.5	200,013	167,382	0.06	84
Nectars	57,906	54,371	0.02	94	5.3	5.0	41,322	0.01	9,215	22.3	61,147	57,233	0.02	94
Orange Juice	103,942	82,198	0.03	79	5.5	4.8	62,470	0.02	15,118	24.2	109,992	86,342	0.03	78
Pineapple Juice	102,998	96,540	0.03	94	3.6	3.4	72,405	0.03	16,726	23.1	106,844	99,938	0.04	94
Prune Juice	134,201	115,573	0.04	86	0.4	0.3	85,524	0.03	17,789	20.8	134,740	115,921	0.04	86
Other Fruit Juices	34,916	26,809	0.01	77	17.4	17.8	20,911	0.00	6,148	29.4	29,741	22,797	0.01	77
Vegetable Juice[12]	283,389	245,275	0.08	87	8.7	9.4	198,673	0.09	37,152	18.7	260,707	224,200	0.08	86
Fruit Drinks	1,339,794	1,139,123	0.39	85	6.6	6.9	683,474	0.31	140,796	20.6	1,256,842	1,065,597	0.38	85
Aseptic Juices & Drinks	631,063	453,309	0.15	72	15.7	13.8	258,386	0.11	64,855	25.1	7,545,430	398,338	0.14	73
Aseptic Packed Juice & Drink Concentrates	60,384	52,296	0.01	87	52.9	46.9	45,498	0.02	10,146	22.3	39,700	35,600	0.01	90
Canned Meats & Specialty Foods	**1,903,365**	**1,456,136**	**0.49**	**77**	**3.5**	**2.4**	**1,027,970**	**0.47**	**244,657**	**23.8**	**1,972,318**	**1,429,061**	**0.53**	**76**
Beef Hash	103,144	80,988	0.03	79	5.2	5.3	59,121	0.02	12,593	21.3	98,046	76,912	0.03	78
Corned Beef	70,845	64,563	0.02	91	2.5	2.3	47,131	0.02	11,453	24.3	72,662	66,083	0.02	91
Ham	324,612	278,299	0.09	86	9.0	8.6	172,546	0.07	49,866	28.9	356,717	304,485	0.11	85
Lunch Meat	189,910	164,050	0.06	86	1.8	2.0	121,397	0.05	18,331	15.1	186,552	160,833	0.06	86
Meat Spreads	92,933	84,987	0.03	91	1.2	1.3	62,040	0.02	11,970	19.3	91,831	83,896	0.03	91
Poultry	135,106	124,918	0.04	92	8.2	8.9	83,695	0.03	14,396	17.2	124,867	114,709	0.04	92
Sausages & Frankfurters	163,615	145,827	0.05	89	0.9	1.3	107,912	0.04	28,489	26.4	162,156	143,956	0.05	89
Other Canned Meats	823,200	512,504	0.17	62	6.4	6.3	374,128	0.17	95,403	25.5	879,487	541,187	0.19	62
Canned Milk	**420,640**	**371,347**	**0.13**	**88**	**3.4**	**3.2**	**282,224**	**0.12**	**23,142**	**8.2**	**435,285**	**383,784**	**0.14**	**88**
Condensed Milk	23,488	14,860	0.00	63	4.4	4.2					24,569	15,512	0.01	63
Evaporated Milk	397,153	356,487	0.12	90	3.3	3.2					410,706	388,272	0.13	90
Canned Prepared Food	**1,801,797**	**1,673,233**	**0.56**	**93**	**6.6**	**6.8**	**1,321,287**	**0.60**	**310,502**	**23.5**	**1,690,140**	**1,566,382**	**0.56**	**93**
Chili	314,304	275,476	0.09	87	5.8	6.1	217,626	0.09	37,649	17.3	297,641	259,638	0.09	87
Meat Stew	163,899	145,600	0.05	89	5.8	6.3	115,024	0.05	22,545	19.6	154,914	136,971	0.05	88
Mexican Food	569,652	533,908	0.18	94	9.5	9.6	421,221	0.19	114,572	27.2	520,230	486,488	0.17	94
Oriental Food	255,740	245,655	0.08	96	3.9	4.2	194,067	0.08	57,056	29.4	246,141	235,753	0.08	96
Pasta	497,602	472,594	0.16	95	5.6	5.6	373,349	0.17	78,404	21.0	471,214	447,532	0.16	95

11 Full strength and concentrated juices, non-carbonated

12 Chiefly tomato juice

DRY GROCERY—FOOD

CONTINUED

(add 000 to all dollar figures)	1987										1986			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro[2] to Total	Percentage Change from '85 to '86		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro[2] to Total
					Total[1]	Grocery[2]								
Canned & Dry Soup	**2,382,835**	**2,174,182**	**0.73**	**94**	**2.7**	**3.0**	**1,654,450**	**0.76**	**282,911**	**17.1**	**2,243,318**	**2,110,138**	**0.75**	**94**
Canned Soup	1,852,833	1,756,725	0.59	95	2.8	3.2	1,317,544	0.60	201,584	15.3	1,801,655	1,701,593	0.61	94
Condensed Soup	*1,251,779*	*1,185,943*	*0.40*	*95*	*3.2*	*3.6*					*1,212,964*	*1,144,733*	*0.41*	*94*
Single Strength Soup	*601,054*	*570,782*	*0.19*	*95*	*2.1*	*2.5*					*588,691*	*556,860*	*0.20*	*95*
Dry Soup Mixes	378,162	349,841	0.12	93	1.3	1.6	286,870	0.13	69,423	24.2	373,309	344,332	0.12	92
Instant Bouillon & Cubes	71,840	67,616	0.02	94	5.1	5.3	50,036	0.02	11,408	22.8	68,354	64,213	0.02	94
Canned Vegetables	**3,368,471**	**3,016,074**	**1.02**	**90**	**0.1**	**0.4**	**2,332,119**	**1.07**	**499,073**	**21.4**	**3,400,588**	**3,002,799**	**1.07**	**88**
Asparagus	94,832	84,988	0.03	90	1.0	0.3	69,690	0.03	16,795	24.1	95,790	85,244	0.03	89
Beans (Waxed & Green)	38[illegible],987	344,734	0.12	89	1.1	0.8	275,787	0.12	59,570	21.6	390,280	347,514	0.12	89
Beans with Pork or Sauce[13]	435,804	398,752	0.13	91	3.6	3.6	299,064	0.13	55,028	18.4	420,660	384,896	0.14	91
Beets	80,895	72,402	0.02	90	1.4	1.5	57,922	0.02	12,975	22.4	79,778	71,332	0.03	89
Corn	554,708	496,060	0.17	89	3.1	2.8	401,809	0.18	94,827	23.6	572,454	510,350	0.18	89
Mushrooms	238,059	213,997	0.07	90	3.9	3.9	169,058	0.07	42,434	25.1	247,720	222,682	0.08	90
Peas	324,449	287,919	0.10	89	5.4	5.3	210,181	0.09	48,972	23.3	342,969	304,033	0.11	89
Potatoes	117,952	101,234	0.03	86	2.0	2.0	60,740	0.02	13,727	22.6	115,640	99,249	0.04	86
Sauerkraut	73,028	66,301	0.02	91	1.8	1.7	51,715	0.02	11,377	22.0	74,367	67,448	0.02	91
Tomatoes	398,295	341,725	0.11	86	2.5	2.6	283,631	0.13	61,548	21.7	388,580	333,065	0.12	86
Tomato Sauce	374,401	322,406	0.11	86	1.3	1.2	257,925	0.11	46,684	18.1	379,332	326,322	0.12	86
Tomato Paste	186,283	158,664	0.05	85	3.8	3.7	131,691	0.06	21,729	16.5	191,649	164,760	0.06	86
Tomato Puree	57,198	48,716	0.02	85	1.4	1.2	41,408	0.01	8,820	21.3	56,408	48,138	0.02	85
Other Canned Vegetables	46,580	39,088	0.01	84	3.6	3.5	21,498	0.00	4,708	21.9	44,961	37,766	0.01	84
Condiments, Dressings, Spreads, Relishes	**7,140,268**	**5,736,642**	**1.94**	**80**	**2.5**	**2.6**	**4,476,812**	**2.05**	**962,515**	**21.5**	**6,962,936**	**5,593,304**	**2.00**	**80**
Condiments	2,283,370	1,817,086	0.62	80.0	3.3	3.4	1,409,146	0.64	231,100	16.4	2,211,200	1,757,928	0.63	80
Barbeque Sauce	358,180	319,667	0.11	89	4.1	4.5	252,537	0.11	52,528	20.8	344,073	305,901	0.11	89
Condiment Sauces[14]	131,038	103,636	0.03	79	7.9	8.3	75,654	0.03	18,762	24.8	121,444	95,693	0.03	79
Flavor Enhancers	22,484	20,146	0.01	90	3.1	3.0	14,707	0.00	2,765	18.8	23,204	20,769	0.01	90
Ketchup	592,816	467,803	0.16	79	1.7	1.6	341,497	0.15	93,570	27.4	603,068	475,410	0.17	79
Meat Tenderizers	35,560	29,265	0.01	82	1.4	1.1	22,241	0.01	6,761	30.4	36,065	29,590	0.01	82
Onion Flakes	42,388	36,794	0.01	87	1.3	1.5	27,963	0.01	6,599	23.6	41,844	36,250	0.01	87
Pepper	239,783	172,039	0.06	72	11.1	11.3	129,029	0.05	29,419	22.8	215,826	154,572	0.06	72
Prepared Mustard	177,785	138,638	0.05	78	5.8	6.1	109,524	0.05	24,095	22.0	168,039	130,667	0.05	78
Salt	139,312	114,709	0.04	82	0.5	0.4	104,483	0.04	22,150	21.2	140,012	115,170	0.04	82
Spices	544,024	414,389	0.14	76	5.1	5.2	331,511	0.15	103,431	31.2	517,625	393,906	0.14	76
Dressings, Spreads	2,231,753	1,875,415	0.63	84	0.5	0.4	1,491,381	0.68	255,026	17.1	2,242,921	1,882,743	0.67	84
Pourable Salad Dressings	835,296	730,059	0.25	87	2.2	2.4	591,348	0.27	128,914	21.8	817,315	712,948	0.26	87
Spoonable Salad Dressings	444,170	392,581	0.13	88	1.6	1.8	325,842	0.14	36,820	11.3	451,392	399,777	0.14	89
Mayonnaise	777,888	624,924	0.21	80	2.9	2.8	468,693	0.21	67,023	14.3	801,120	642,926	0.23	80
Sandwich Spreads	45,669	40,488	0.01	89	2.6	2.5	30,366	0.01	5,405	17.8	46,888	41,526	0.01	89
Vinegar	128,730	87,363	0.03	68	2.0	2.1	75,132	0.03	17,957	23.0	126,206	85,566	0.03	68
Relishes & Appetizers	1,246,020	846,178	0.28	66	2.7	3.3	675,563	0.31	183,078	27.1	1,210,356	818,889	0.29	68
Bottled Green Olives	155,171	130,599	0.04	84	3.1	3.8	108,397	0.04	31,110	28.7	150,505	125,818	0.05	84
Canned Ripe Olives	189,764	163,659	0.06	86	7.8	7.2	132,564	0.06	34,334	25.9	176,033	152,667	0.05	87
Pickled Cucumbers, Tomatoes, Peppers	784,495	452,861	0.15	58	1.8	1.9	362,289	0.16	99,267	27.4	770,624	444,417	0.16	58
Relishes & Mixed Pickles	116,590	99,059	0.03	85	3.0	3.2	72,313	0.03	18,295	25.3	113,194	95,987	0.03	85
Spaghetti Sauces	1,379,125	1,200,963	0.40	87	6.2	5.9	900,722	0.41	205,365	22.8	1,298,459	1,133,744	0.41	87
Meatless	1,197,613	1,059,149	0.36	88	6.3	6.1					1,126,635	998,255	0.36	89
With Meat	168,746	131,601	0.04	78	5.1	4.8					159,345	125,573	0.04	79
With Clams	12,766	10,213	0.00	80	2.3	3.0					12,479	9,916	0.00	79
Desserts	**642,762**	**562,460**	**0.19**	**88**	**2.2**	**2.2**	**432,065**	**0.19**	**91,164**	**21.1**	**667,190**	**575,362**	**0.21**	**88**
Packaged Gelatin[15]	228,412	209,917	0.07	92	4.8	4.8	163,732	0.07	29,962	18.3	239,929	220,501	0.08	92
Prepared Puddings[16]	299,798	252,629	0.09	84	0.1	0.1	191,998	0.08	44,356	23.1	299,499	252,377	0.09	84
Dried Toppings	13,505	12,996	0.00	96	1.4	1.2	10,267	0.00	2,710	26.4	13,697	13,154	0.00	96
Ice Cream & Dessert Toppings	101,047	86,918	0.03	86	2.9	2.7	66,358	0.03	14,335	21.7	104,065	89,330	0.03	86
Dried Foods	**3,298,073**	**2,684,746**	**0.91**	**81**	**7.5**	**5.4**	**2,016,630**	**0.92**	**417,442**	**20.7**	**3,0[illegible]3,065**	**2,477,235**	**0.89**	**81**
Dried Vegetables & Fruits	1,949,612	1,456,031	0.49	75	6.4	7.2	1,071,345	0.49	224,982	21.0	1,832,300	135,839,900	0.49	74
Dried Beans & Peas	425,770	217,448	0.07	51	0.8	0.6	130,469	0.05	22,571	17.3	429,204	218,761	0.08	51
Fruits	617,189	473,750	0.16	77	6.2	6.6	369,289	0.16	85,675	23.2	580,907	444,305	0.16	76
Apricots	*26,567*	*18,629*	*0.00*	*70*	*2.6*	*2.8*					*25,894*	*18,122*	*0.01*	*70*
Dates	*36,899*	*30,848*	*0.01*	*84*	*0.0*	*0.1*					*36,899*	*30,817*	*0.01*	*84*
Figs	*9,450*	*6,778*	*0.00*	*72*	*4.0*	*4.1*					*9,087*	*6,511*	*0.00*	*72*
Raisins	*384,073*	*294,326*	*0.10*	*77*	*7.6*	*8.1*					*356,945*	*272,272*	*0.10*	*76*
Prunes	*129,442*	*101,596*	*0.03*	*78*	*7.8*	*7.9*					*120,076*	*94,158*	*0.03*	*78*
Other Dried Fruits[17]	*30,758*	*21,573*	*0.01*	*70*	*3.9*	*3.8*					*32,006*	*22,425*	*0.01*	*70*
Instant Mashed Potatoes	160,079	152,156	0.05	95	10.9	11.3	112,595	0.05	24,546	21.8	144,345	136,708	0.05	95
Other Instant Potatoes	55,590	51,627	0.02	93	7.0	7.3	38,204	0.01	7,221	18.9	51,953	48,115	0.02	93
Rice	690,984	561,050	0.19	81.0	10.4	9.9	420,788	0.19	85,420	20.3	625,891	510,510	0.18	82

13 Includes baked beans

14 [illegible]

15 Both flavored and unflavored

16 Both instant and other prepared puddings; includes cornstarch puddings, tapioca and rennet

17 Excludes fruit rolls and bars, listed under Snacks

DRY GROCERY—FOOD

CONTINUED

(add 000 to all dollar figures)	1987										1986			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro[2] to Total	Percentage Change from '86 to '87		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro[2] to Total
					Total[1]	Grocery[2]								
Other Dried Foods	1,348,461	1,228,715	0.42	91	9.0	9.8	945,285	0.43	192,838	20.4	1,236,764	1,118,836	0.40	90
Cured Fish	206,668	132,547	0.04	64	2.7	2.8	102,061	0.04	24,495	24.0	201,235	128,937	0.05	64
Dry Gravy Mixes	78,199	74,911	0.03	96	6.7	6.9	54,685	0.02	15,585	28.5	73,289	70,076	0.03	96
Dry Dinner Mixes	819,586	796,388	0.27	97	17.6	17.1	597,291	0.27	112,291	18.8	700,501	660,092	0.24	97
Breading Mixes	88,584	74,348	0.03	84	-16.8	-16.8	54,274	0.02	11,398	21.0	106,471	89,360	0.03	84
Dry Stuffing Mixes	155,424	150,521	0.05	97	0.1	0.1	136,974	0.06	28,217	20.6	155,269	150,371	0.05	97
Fats & Shortenings[18]	1,760,690	1,438,514	0.49	82	3.3	3.3	1,098,475	0.50	210,907	19.2	1,831,673	1,489,018	0.53	81
Cooking & Salad Oils	1,103,291	901,187	0.30	82	-1.8	-1.6	720,949	0.33	155,004	21.5	1,123,514	915,840	0.33	82
Lard	109,749	46,864	0.02	43	-13.1	-13.1	34,211	0.01	5,645	16.5	126,294	53,929	0.02	43
Olive Oil	111,198	105,150	0.04	95	14.1	14.4	76,766	0.03	15,660	20.4	97,457	91,922	0.03	94
Shortening	436,452	386,304	0.13	89	-9.9	-9.6	266,549	0.12	35,984	13.5	484,408	427,327	0.15	88
Jams, Jellies, Preserves	2,435,062	1,967,640	0.67	81	4.7	4.9	1,352,431	0.62	263,724	19.5	2,324,686	1,876,596	0.67	81
Citrus Marmalade	13,986	11,790	0.00	84	1.1	1.1	601,317	0.27	158,748	26.4	13,814	11,662	0.00	84
Fruit Butter	7,168	6,134	0.00	86	1.7	1.8					7,048	6,026	0.00	85
Jams, Preserves	749,974	641,060	0.22	84	2.1	2.3					734,548	626,647	0.22	85
Jellies	265,029	225,306	0.08	85	-1.1	-1.0					267,977	227,582	0.08	85
Honey	169,540	120,067	0.04	71	3.4	3.3	86,448	0.03	16,857	19.5	175,507	124,164	0.04	71
Peanut Butter	1,229,365	963,283	0.33	78	9.2	9.4	664,666	0.30	110,335	16.7	1,125,792	880,515	0.31	78
Pasta	1,443,816	1,048,226	0.35	73	4.9	4.9	786,170	0.36	199,687	25.4	1,376,207	999,484	0.36	73
Macaroni	512,741	342,361	0.12	67	5.7	4.8					485,091	326,680	0.12	67
Noodles	335,549	252,727	0.09	75	5.6	5.3					337,653	240,007	0.09	71
Spaghetti	595,526	453,138	0.15	76	7.6	4.7					553,463	432,797	0.15	78
Prepared Drinks	9,721,806	7,653,610	2.59	79	6.4	6.4	4,589,223	2.10	821,471	17.9	10,364,917	8,154,277	2.92	79
Cocoa	342,363	304,847	0.10	89	2.4	2.3	249,975	0.11	48,745	19.5	350,676	311,891	0.11	89
Unsweetened Cocoa	*30,055*	*22,003*	*0.01*	*73*	*3.1*	*3.0*					*31,016*	*22,684*	*0.01*	*73*
Prepared Sweet Cocoa	*31[illegible],308*	*282,844*	*0.09*	*91*	*2.3*	*2.2*					*319,660*	*289,207*	*0.10*	*90*
Coffee	7,077,300	5,251,198	1.78	74	7.2	7.1	3,810,520	1.75	613,493	16.1	7,601,402	5,639,137	2.02	74
Regular Coffee	*5,574,917*	*3,833,029*	*1.30*	*69*	*5.6*	*5.2*	*2,798,111*	*1.28*	*422,515*	*15.1*	*5,905,632*	*4,043,280*	*1.45*	*68*
Instant Coffee	*1,482,103*	*1,399,367*	*0.47*	*94*	*12.6*	*12.3*	*1,007,688*	*0.46*	*186,422*	*18.5*	*1,695,770*	*1,595,857*	*0.57*	*94*
Whole Bean Coffee	*20,280*	*18,802*	*0.00*	*93*	*20.0*	*21.3*	*12,409*	*0.00*	*2,842*	*22.9*	*NA*	*NA*	*NA*	*NA*
Powdered Drink Mixes[19]	688,291	649,385	0.22	94	10.3	10.2	474,051	0.21	88,648	18.7	767,326	723,146	0.26	94
Dry Milk Powder	120,389	113,750	0.04	94	4.8	4.4	81,900	0.03	17,281	21.1	126,459	118,985	0.04	94
Prepared Food Drinks[20]	97,828	92,593	0.03	95	11.2	11.0	61,112	0.02	13,322	21.8	110,167	104,038	0.04	94
Tea	1,051,689	924,399	0.31	88	2.3	2.8	683,109	0.31	142,087	20.8	1,076,779	951,075	0.34	88
Bags & Loose Tea	*421,486*	*377,860*	*0.13*	*90*	*1.[illegible]*	*2.1*	*294,731*	*0.13*	*93,135*	*31.6*	*428,775*	*385,965*	*0.14*	*90*
Herb Tea	*170,234*	*121,343*	*0.04*	*71*	*14.1*	*15.3*	*89,794*	*0.04*	*18,138*	*20.2*	*149,197*	*105,241*	*0.04*	*71*
Ice Tea Mixes	*340,052*	*315,015*	*0.10*	*93*	*8.4*	*8.9*	*223,661*	*0.10*	*46,969*	*21.0*	*371,236*	*342,780*	*0.12*	*92*
Instant Tea	*119,917*	*1[illegible]0,181*	*0.04*	*92*	*-6.0*	*-5.9*	*74,923*	*0.03*	*16,408*	*21.9*	*127,571*	*117,089*	*0.04*	*92*
Breakfast Drinks	121,986	[illegible]5,831	0.04	95	3.5	3.8	83,399	0.03	18,098	21.7	117,861	111,591	0.04	95
Coffee Creamers	221,960	201,607	0.07	91	3.6	3.7	145,157	0.06	37,741	26.0	214,247	194,414	0.07	91
Snacks	8,537,906	5,509,482	1.87	65	7.2	8.8	3,537,235	1.62	848,936	24.0	7,966,061	5,100,234	1.82	64
Corn Chips	1,205,575	904,960	0.31	75	5.8	6.0	624,422	0.28	152,359	24.4	1,139,485	853,736	0.31	75
Fruit Rolls & Bars	344,105	293,802	0.10	85	15.9	17.3	182,158	0.08	41,896	23.0	296,898	250,471	0.09	84
Packaged Unpopped Popcorn	626,250	523,425	0.18	84	25.2	24.9	277,425	0.12	75,182	27.1	500,200	419,075	0.15	84
Popped Popcorn	422,331	307,793	0.10	73	17.6	17.3	169,286	0.07	46,892	27.7	359,125	262,398	0.09	73
Pork Rinds	232,148	204,595	0.07	88	4.7	4.8	130,941	0.06	35,747	27.3	221,727	195,224	0.07	88
Potato Chips	3,609,942	2,065,723	0.70	57	4.7	5.0	1,342,720	0.61	281,971	21.0	3,447,941	1,967,356	0.70	57
Pretzels	314,176	285,279	0.10	91	3.4	3.7	228,223	0.13	53,176	23.3	303,845	274,571	0.10	90
Snack Nuts[21]	1,783,379	923,905	0.31	52	5.1	5.3	582,060	0.26	164,723	28.3	1,696,840	877,403	0.31	52
Soft Drinks	16,329,681	9,548,707	3.23	58	3.1	4.3	7,874,729	3.61	1,582,821	20.1	15,832,621**	9,154,396**	2.51	58
Bottled Soft Drinks	13,537,522	6,876,733	2.32	51	2.3	3.0	*7,523,881*	*3.45*	*1,497,252*	*19.9*	13,237,069**	6,677,385**	1.82	50
Diet	*986,327*	*780,185*	*0.26*	*79*	*5.9*	*6.1*					*931,376***	*735,330***	*0.20*	*79*
Sugared	*12,551,195*	*6[illegible]548*	*2.06*	*49*	*2.0*	*2.6*					*12,305,093***	*5,942,055***	*1.62*	*48*
Canned Soft Drinks	2,411,044	2,[illegible]732	0.78	95	5.4	5.9					2,286,456**	2,175,035	0.59	95
Diet	*928,657*	*8[illegible]347*	*0.29*	*93*	*7.0*	*7.2*					*867,904***	*803,962***	*0.22*	*93*
Sugared	*1,482,387*	*1,436,885*	*0.49*	*97*	*4.5*	*4.8*					*1,418,552*	*1,371,073*	*0.37*	*97*
Bottled Water	381,115	373,242	0.13	98	23.3	23.6	350,848	0.16	84,554	24.1	309,096	301,976	0.11	98
Sweeteners, Flavors	2,614,048	2,145[illegible]	[illegible]73	82	1.0	0.7	1,591,218	0.73	232,318	14.6	2,641,135	2,164,455	0.77	82
Flavoring Extracts	150,472	1[illegible]	[illegible]	68	2.9	3.5	75,325	0.03	21,543	28.6	146,204	98,395	0.04	67
Vanilla Extracts	*89,640*	[illegible]	[illegible]	*69*	*3.0*	*3.1*	*45,747*	*0.02*	*12,992*	*28.4*	*87,029*	*59,962*	*0.02*	*69*
Other Flavoring Extracts	*60,832*	[illegible]	[illegible]	[illegible]	*2.8*	*4.0*	*29,578*	*0.01*	*8,548*	*28.9*	*59,175*	*38,433*	*0.01*	*65*
Marshmallow Cream	12,518	1[illegible]4	[illegible]	[illegible]	0.6	0.3	8,022	0.00	1,869	23.3	12,443	11,108	0.00	89
Packaged Molasses	23,145	19,976	[illegible]	[illegible]	1.8	1.9	14,783	0.00	3,237	21.9	22,736	19,604	0.01	86
Sugar	1,676,096	1,419,682	0.48	85	2.1	2.0	1,036,368	0.47	118,146	11.4	1,712,049	1,448,655	0.52	85
Synthetic Sweeteners	262,102	229,930	0.08	88	3.4	3.3	167,198	0.07	37,787	22.6	271,327	230,538	0.08	85
Table Syrup	489,715	366,483	0.12	75	2.8	2.9	289,522	0.13	51,245	17.7	476,376	356,155	0.13	75
Total Dry Grocery—Food	132,613,063	85,436,304	28.9	65	2.1	3.0	61,434,440	28.22	11,927,401	19.1	129,337,586**	82,908,267**	28.84	64
Total Foods	334,725,377	221,377,792	74.9	66	2.7	3.5	171,051,292	78.59	40,218,334	23.5	325,957,225**	213,853,585**	75.68	66

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[18] Margarine included with dairy.

[19] Excludes breakfast drinks, listed separately.

[20] Includes [illegible] malted milk items and other non-refrigerated items, but excludes chocolate syrup.

[21] Includes bulk nuts.

DRY GROCERY—NONFOOD

CONTINUED

(add 000 to all dollar figures)	1987										1986			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro[2] to Total	Percentage Change from '86 to '87		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
					Total[1]	Grocery[2]								
DRY GROCERY (NONFOOD)														
Home Canning Supplies	$114,361	$92,266	0.03	81	0.5	1.7	$76,581	0.03	$18,226	23.8	$114,992	$92,895	0.03	82
Caps, Lids, Bands	65,460	56,161	0.02	86	0.8	0.6					64,940	55,826	0.02	86
Jars	48,901	36,105	0.01	74	-2.3	-2.6					50,052	37,069	0.01	74
Laundry Supplies	1,273,965	1,171,552	0.40	92	2.8	2.7	853,843	0.39	146,007	17.1	1,239,315	1,140,928	0.41	92
Bleaches	339,737	316,444	0.11	93	3.0	5.1	224,6	0.10	25,388	11.3	323,473	301,090	0.04	93
Liquid Bleach	*287,180*	*268,968*	*0.09*	*94*	*5.7*	*5.8*					*271,693*	*254,223*	*0.09*	*94*
Dry Bleach	*52,557*	*47,476*	*0.02*	*90*	*1.5*	*1.3*					*51,780*	*46,867*	*0.02*	*91*
Bluing	4,578	3,823	0.00	84	-1.0	-1.1	2,676	0.00	450	16.8	4,624	3,866	0.00	84
Fabric Softeners	669,140	618,700	0.21	92	1.5	1.6	457,838	0.21	84,242	18.4	659,251	608,957	0.22	91
Soil & Stain Removers	164,937	146,156	0.05	89	3.8	3.7	108,154	0.04	22,280	20.6	158,890	142,870	0.05	90
Laundry Starch	95,573	86,429	0.03	90	2.7	2.7	60,500	0.02	13,552	22.4	93,068	84,145	0.03	90
Dry Starch	*2,738*	*2,474*	*0.00*	*90*	*-6.9*	*-6.6*					*2,941*	*2,649*	*0.00*	*90*
Liquid Starch	*11,537*	*10,709*	*0.00*	*93*	*-4.7*	*-4.4*					*12,106*	*11,202*	*0.00*	*93*
Spray Starch	*81,298*	*73,246*	*0.02*	*90*	*4.2*	*4.2*					*78,021*	*70,294*	*0.03*	*90*
Soaps & Detergents	5,969,490	5,431,522	1.84	91	0.4	0.6	4,157,225	1.91	577,842	13.9	5,944,863	5,401,798	1.93	91
Cleansers (Scouring)	265,999	209,203	0.07	79	-5.4	5.3	152,718	0.07	31,002	20.3	281,183	220,911	0.08	79
Laundry Bar Soaps	4,930	3,920	0.00	80	-0.1	-0.1	3,018	0.00	—	—	4,935	3,924	0.00	80
Soap Flakes, Chips, Powder	39,951	37,822	0.01	95	-5.4	-5.3	27,610	0.01	3,617	13.1	42,232	39,939	0.01	95
Liquid Detergents	1,865,547	1,757,544	0.60	94	1.4	-1.1	1,406,035	0.64	178,566	12.7	1,864,401	1,751,346	0.63	94
Heavy Duty	*652,044*	*611,101*	*0.21*	*94*	*2.9*	*3.2*	*494,992*	*0.22*	*60,389*	*12.2*	*633,668*	*592,152*	*0.21*	*93*
Other Liquid Detergents[22]	*1,213,502*	*1,146,443*	*0.39*	*94*	*1.4*	*-1.1*	*905,690*	*0.41*	*116,834*	*12.9*	*1,230,733*	*1,159,194*	*0.41*	*94*
Other Detergents	2,382,258	2,270,198	0.77	95	0.3	0.4	1,726,275	0.79	200,248	11.6	2,375,069	2,260,184	0.81	95
Dishwashing Compounds	*484,137*	*429,174*	*0.15*	*89*	*2.8*	*3.1*	*334,756*	*0.15*	*46,531*	*13.9*	*470,950*	*416,270*	*0.15*	*88*
Other Low Sudsing	*805,361*	*765,904*	*0.26*	*95*	*-1.4*	*1.2*	*574,428*	*0.26*	*60,889*	*10.6*	*816,796*	*775,206*	*0.28*	*95*
Other Dry Detergents	*1,092,760*	*1,075,120*	*0.36*	*98*	*0.5*	*0.6*	*817,091*	*0.37*	*93,148*	*11.4*	*1,087,323*	*1,068,708*	*0.38*	*98*
Toilet Soaps & Detergents	1,269,733	1,071,866	0.36	84	2.5	2.5	782,462	0.35	152,580	19.5	1,238,329	1,045,957	0.37	84
Bath Detergents	*152,019*	*118,038*	*0.04*	*78*	*-0.1*	*0.2*					*152,171*	*117,802*	*0.04*	*77*
Bath Soaps	*338,676*	*262,085*	*0.09*	*77*	*0.1*	*-0.3*					*338,338*	*262,874*	*0.09*	*78*
Deodorant Soaps & Bars	*518,454*	*514,204*	*0.17*	*99*	*0.2*	*0.7*					*517,419*	*510,630*	*0.18*	*99*
Liquid Soaps	*260,584*	*177,539*	*0.06*	*68*	*13.[illegible]*	*14.8*					*230,401*	*154,651*	*0.06*	*87*
Water-Softening Salt	141,072	80,969	0.03	57	1.7	1.8	59,107	0.02	12,649	21.4	138,714	79,537	0.03	57
Other Cleaners, Cleansers & Supplies	3,260,843	2,083,381	0.70	64	3.0	3.3	1,467,729	0.67	387,480	26.4	3,165,529	2,016,638	0.72	64
All-Purpose Cleaner	696,420	614,413	0.21	88	2.9	3.8	473,098	0.21	101,716	21.5	676,793	591,920	0.21	87
Cellulose Sponges	135,997	100,330	0.03	74	7.0	5.9	71,234	0.03	29,776	41.8	127,100	94,740	0.03	75
Drain Pipe Solvents	30,787	28,711	0.01	93	3.0	3.2	22,969	0.01	4,617	20.1	29,890	27,821	0.01	93
Household Ammonia	47,758	32,998	0.01	69	0.4	0.3	23,758	0.01	4,585	19.3	47,568	32,899	0.01	69
Household Brooms	154,046	100,260	0.03	65	3.5	3.3	96,137	0.04	37,686	39.2	148,837	97,057	0.03	65
Mops	210,625	123,315	0.04	59	7.8	6.7					195,385	115,572	0.04	59
Spot Cleaning Fluid	45,107	18,862	0.01	42	9.9	9.1	12,275	0.00	3,805	31.0	41,044	17,289	0.01	42
Household Disinfectants	263,563	199,456	0.07	76	1.6	1.8	143,608	0.06	31,019	21.6	259,523	195,886	0.07	75
Aerosol	*209,854*	*155,504*	*0.05*	*74*	*1.7*	*2.0*					*206,346*	*152,455*	*0.05*	*74*
Non Aerosol	*53,709*	*43,952*	*0.01*	*82*	*1.0*	*1.2*					*53,177*	*43,431*	*0.02*	*82*
Household Deodorizers	309,570	182,067	0.06	59	0.6	0.7	131,088	0.06	33,034	25.2	307,650	180,716	0.06	59
Aerosol, Room	*85,576*	*61,539*	*0.02*	*72*	*0.6*	*1.8*					*86,093*	*62,667*	*0.02*	*73*
Non-Aerosol, Room	*223,994*	*120,528*	*0.04*	*54*	*1.1*	*2.1*					*221,557*	*118,049*	*0.04*	*53*
Rug Cleaners	75,390	55,078	0.02	73	5.8	6.1	41,308	0.01	11,112	26.9	71,257	51,911	0.02	73
Oven Cleaners	65,660	61,968	0.02	94	0.8	0.9	47,095	0.02	9,890	21.0	65,139	61,415	0.02	94
Steel Wool & Wire Sponges	119,220	109,602	0.04	92	2.7	2.8	77,818	0.03	19,299	24.8	116,086	106,617	0.04	92
Toilet Bowl Cleaners	110,272	94,741	0.03	86	2.0	2.3	67,266	0.03	16,278	24.2	108,110	92,611	0.03	86
Vacuum Cleaner Bags	740,156	167,738	0.06	23	1.8	1.6	122,448	0.05	54,122	44.2	727,069	165,096	0.06	23
Wall & Floor Cleaners[23]	56,914	49,868	0.02	88	4.7	4.4	35,406	0.01	7,754	21.9	54,359	47,766	0.02	88
Window Cleaners	93,613	80,396	0.03	86	5.4	4.8	57,081	0.02	12,387	21.7	88,817	76,714	0.03	86
All Other Cleaners[24]	105,745	63,578	0.02	60	4.8	4.9	45,140	0.02	9,886	21.9	100,902	60,608	0.02	60
Paper, Plastic, Foil Products	11,957,293	9,800,114	3.32	82	3.7	3.4	7,303,712	3.35	1,117,468	15.3	10,989,851	9,396,280	3.38	85
Cleansing & Facial Tissues	911,632	809,110	0.27	89	4.5	4.2	703,926	0.32	121,075	17.2	872,375	776,497	0.28	89
Coffee Filters	80,648	80,127	0.03	99	1.9	3.9	59,294	0.02	17,373	29.3	79,144	77,119	0.03	97
Disposable Diapers[25]	2,961,556	2,121,803	0.72	72	4.5	4.0	1,506,480	0.69	85,869	5.7	2,834,025	2,040,195	0.73	72
Incontinence Products	508,500	38,025	0.01	7	13.0	30.0	31,941	0.01	9,391	29.4	NA	NA	NA	NA
Freezer Paper	19,601	16,450	0.01	84	1.1	1.3	12,173	0.00	3,348	27.5	19,388	16,239	0.01	84
Paper Cups[26]	391,880	309,199	0.10	79	5.9	5.8	262,820	0.12	57,558	21.9	370,047	292,249	0.10	79
Paper Napkins	419,102	395,681	0.13	94	1.1	0.9	316,545	0.14	81,985	25.9	414,542	392,152	0.14	95
Paper Plates[26]	592,358	481,118	0.16	81	6.5	6.8	360,838	0.16	53,043	14.7	556,205	450,485	0.16	81
Paper Towels	1,730,569	1,603,047	0.54	93	2.6	2.4	1,090,072	0.50	259,437	23.8	1,686,714	1,565,476	0.56	93
Pre-Moistened Wipes[27]	164,673	135,038	0.05	82	8.3	8.5	99,928	0.04	108,929	23.6	152,053	124,459	0.04	82
Sandwich Bags	8,055	7,396	0.00	92	3.0	3.1	5,399	0.00	664	12.3	7,820	7,174	0.00	92
Toilet Paper	2,449,940	2,356,802	0.80	96	2.4	2.5	1,673,329	0.76	399,926	23.9	2,392,520	2,299,319	0.82	96
Waxed Paper	37,455	32,298	0.01	86	-3.9	-3.8	23,901	0.01	5,306	22.2	38,975	33,574	0.01	86
Other Paper Product	92,214	26,269	0.01	28	0.1	-0.4	19,176	0.00	4,142	21.6	92,122	26,374	0.01	29
Plastic Cutlery	53,250	42,600	0.02	80	9.8	9.6	31,524	0.01	6,935	22.0	NA	NA	NA	NA
Household Aluminum Foil	415,627	369,693	0.13	89	-1.[illegible]	-1.6	295,754	0.13	53,827	18.2	421,956	375,704	0.13	89

22 Includes dishwashing liquids

23 Excludes liquids

24 Includes borax, water softeners and similar products

25 Includes plastic and other non-paper disposables

26 Includes baby wipes

27 Includes mouse and other traps

DRY GROCERY—NONFOOD

CONTINUED

(add 000 to all dollar figures)	1987 Value[1] of Total Retail Sales (all outlets)	1987 Amount Spent in Grocery Stores[2]	1987 % of Total Store	1987 % Gro.[2] to Total	1987 Percentage Change from '86 to '87 Total[1]	1987 Percentage Change from '86 to '87 Grocery[2]	1987 Amount Spent in Supermarkets	1987 % of Total Supermarket	1987 $ Margin	1987 % Margin	1986 Value[1] of Total Retail Sales (all outlets)	1986 Amount Spent in Grocery Stores[2]	1986 % of Total Store	1986 % Gro.[2] to Total
Disposable Aluminum Cookware	183,525	139,681	0.05	76	9.2	8.0	115,935	0.05	29,100	25.1	168,063	129,334	0.05	77
Plastic Bags	633,504	560,460	0.19	88	6.3	6.2	521,227	0.23	128,222	24.6	595,959	527,953	0.19	89
Garbage Disposal Bags	*350,619*	*309,220*	*0.10*	*88*	*5.9*	*5.8*	*287,574*	*0.13*	*71,606*	*24.9*	*331,085*	*292,268*	*0.10*	*88*
Food & Other Bags	*282,885*	*251,240*	*0.09*	*89*	*6.8*	*6.6*	*233,653*	*0.10*	*56,778*	*24.3*	*264,874*	*235,685*	*0.08*	*89*
Plastic Film Wraps	303,204	275,317	0.09	91	5.3	5.1	173,450	0.07	33,456	19.7	287,943	261,957	0.09	91
Pesticides and Rodent Control	514,845	325,850	0.11	63	-3.2	-4.0	247,646	0.11	67,112	27.1	532,073	332,4[illegible]	0.12	64
Aerosol	275,407	188,537	0.06	68	-6.9	-7.3					295,819	203,384	0.07	69
Liquid (Non-Aerosol)	55,244	38,079	0.01	69	-1.3	-3.2					55,972	39,338	0.01	70
Pastes, Solids, Strips	35,357	24,009	0.01	68	-0.8	-1.5					35,642	24,375	0.01	68
Personal Insect Repellants	43,056	27,114	0.01	63	3.4	4.1					41,640	26,046	0.01	68
Non-Chemical Pest Control[28]	105,781	48,111	0.02	45	2.6	3.8					103,000	46,350	0.02	45
Waxes & Polishes	392,085	304,279	0.10	78	-2.4	-2.2	211,498	0.09	46,587	22.5	401,626	311,130	0.11	77
Furniture Polish	245,155	189,592	0.06	77	-1.3	-1.1	128,923	0.05	45,049	21.3	248,384	191,701	0.07	77
Liquid Floor Wax	7,067	4,137	0.00	59	-1.6	-1.3	82,575	0.03	19,983	24.2	7,167	4,191	0.00	58
Paste Floor Wax	4,547	2,986	0.00	66	-2.8	-2.9					4,678	3,075	0.00	66
Self-Polishing Floor Wax	135,316	107,564	0.04	79	-4.3	-4.1					141,397	112,163	0.04	79
Other Household Supplies	2,701,340	1,294,168	0.44	48	1.6	1.4	736,549	0.33	235,696	32.0	2,657,539	1,276,297	0.46	48
Charcoal Briquettes	353,881	311,796	0.11	88	-0.7	-0.5	177,724	0.08	31,279	17.6	356,376	313,363	0.11	88
Charcoal Lighter	115,289	82,789	0.03	72	-6.4	-6.4	54,641	0.02	13,114	24.0	120,595	86,781	0.03	72
Electric Christmas Bulbs & Sets	273,442	32,375	0.01	12	6.0	7.0	19,425	0.00	7,828	40.3	257,964	30,257	0.01	12
Electric Light Bulbs[29]	1,182,168	498,631	0.17	42	1.1	1.3	269,261	0.12	108,781	40.4	1,169,306	492,232	0.18	42
Fireplace Logs	97,682	67,618	0.02	69	24.8	26.3	58,152	0.02	13,608	23.4	78,771	53,538	0.01	68
Household Glue	26,017	3,502	0.00	13	4.3	4.0	2,031	0.00	737	36.3	24,944	3,367	0.02	13
Household Tints & Dyes	49,922	4,567	0.00	9	1.7	1.9	2,649	0.00	991	37.4	47,068	4,482	0.00	9
Matches[29]	38,460	29,374	0.01	76	-3.4	-2.1	17,624	0.00	6,105	34.3	39,814	30,004	0.01	75
Shoe Polish	241,553	74,640	0.03	31	1.0	1.0	44,784	0.02	19,839	44.3	239,161	73,901	0.03	31
Gloves	141,263	100,154	0.03	71	-3.9	-2.8	60,092	0.02	23,616	39.3	147,007	103,062	0.04	70
Household Gloves	*58,464*	*21,998*	*0.01*	*38*	*-3.2*	*-2.9*					*60,397*	*22,655*	*0.01*	*38*
Rubber Gloves	*82,799*	*78,156*	*0.02*	*94*	*-4.4*	*-2.8*					*86,610*	*80,407*	*0.03*	*93*
Household Supplies, n.c.e.	181,663	88,722	0.03	49	3.8	4.0	30,166	0.01	8,296	27.5	175,013	85,310	0.03	49
Pet Foods[30]	6,139,404	5,653,294	1.91	92	2.2	2.0	4,895,339	2.24	861,580	17.6	6,007,973	5,541,732	1.98	92
Canned Pet Food	2,049,190	1,974,578	0.67	96	2.9	3.3	1,434,865	0.65	272,624	19.0	1,991,829	1,911,468	0.68	96
Canned Cat Food	*1,124,356*	*1,097,137*	*0.37*	*98*	*3.7*	*4.2*	*811,882*	*0.37*	*161,565*	*19.9*	*1,084,239*	*1,052,915*	*0.38*	*97*
Canned Dog Food	*924,834*	*877,441*	*0.30*	*95*	*1.9*	*2.2*	*622,983*	*0.28*	*110,891*	*17.8*	*907,590*	*858,553*	*0.31*	*95*
Dry Pet Food	2,855,767	2,606,703	0.88	91	1.5	0.9	1,848,931	0.84	281,038	15.2	2,814,315	2,584,385	0.92	92
Dry Cat Food	*833,009*	*778,770*	*0.26*	*93*	*3.4*	*3.2*	*552,927*	*0.25*	*100,080*	*18.1*	*805,618*	*754,622*	*0.27*	*94*
Dry Dog Food	*2,022,758*	*1,827,933*	*0.62*	*90*	*0.7*	*0.1*	*1,296,004*	*0.59*	*161,441*	*14.0*	*2,008,697*	*1,829,763*	*0.65*	*91*
Semi-Moist Pet Food	445,758	408,266	0.14	92	-5.3	-5.4	306,449	0.14	54,548	17.8	470,672	431,492	0.15	92
Semi-Moist Cat Food	*247,901*	*224,040*	*0.08*	*90*	*-6.9*	*-6.8*	*159,068*	*0.07*	*27,519*	*17.3*	*266,274*	*240,386*	*0.09*	*90*
Semi-Moist Dog Food	*197,857*	*184,226*	*0.06*	*93*	*-3.2*	*-3.6*	*147,381*	*0.06*	*26,676*	*18.1*	*204,398*	*191,106*	*0.07*	*93*
Pet Snacks	364,948	350,168	0.12	96	8.3	8.7	248,620	0.11	52,210	21.0	336,979	322,142	0.12	96
Cat Litter	423,741	313,579	0.10	74	7.5	7.3	244,592	0.11	59,436	24.3	394,178	292,245	0.10	74
Tobacco Products	27,482,395	13,091,429	4.43	48	5.2	5.1	9,015,685	4.14	1,316,290	14.6	26,135,046	12,455,371**	4.00	43
Cigarettes	25,781,240	12,525,675	4.24	49	5.4	5.5	8,893,229	4.08	1,289,518	14.5	24,391,706	11,873,452*	3.79	43
Filter-Tipped Cigarettes	*24,391,706*	*11,793,874*	*3.99*	*48*	*5.5*	*5.6*					*23,045,962*	*11,168,441**	*3.57*	*43*
Other Cigarettes	*1,389,534*	*731,801*	*0.25*	*53*	*3.3*	*3.8*					*1,345,144*	*705,011*	*0.22*	*46*
Cigars	612,050	75,078	0.02	12	-1.0	-1.3	39,041	0.01	7,847	20.1	618,232	76,067	0.03	12
Tobacco & Snuff	1,089,105	490,676	0.17	45	-3.2	-3.0	83,866	0.03	13,930	16.7	1,125,108	505,852	0.18	45
Total Dry Grocery (Nonfood)	59,806,021	39,247,855	13.29	66	3.6	3.1	28,965,807	13.3	4,775,561	16.5	57,188,807	37,973,542	13.12	64

HEALTH & BEAUTY AIDS

(add 000 to all dollar figures)	1987 Value[1] of Total Retail Sales (all outlets)	1987 Amount Spent in Grocery Stores[2]	1987 % of Total Store	1987 % Gro.[2] to Total	1987 Percentage Change from '86 to '87 Total[1]	1987 Percentage Change from '86 to '87 Grocery[2]	1987 Amount Spent in Supermarkets	1987 % of Total Supermarket	1987 $ Margin	1987 % Margin	1986 Value[1] of Total Retail Sales (all outlets)	1986 Amount Spent in Grocery Stores[2]	1986 % of Total Store	1986 % Gro.[2] to Total
Dieting Aids	$444,544	$211,515	0.07	48	4.3	3.7	74,030	0.03	19,544	26.4	$426,417	$203,997	0.07	48
Diet Supplements	127,362	85,247	0.03	67	8.2	8.6					117,710	78,496	0.03	67
Metered Calorie Meals[32]	93,700	66,423	0.02	71	-5.6	-5.3					99,258	70,140	0.03	71
Reducing Preparations	223,482	59,845	0.02	27	6.7	8.1					209,449	55,361	0.02	26

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[28] 200 watt and under, including non-residential use. Grocery store sales are estimated to be 70 percent residential.

[29] Includes wooden and book matches.

[30] Bird food and other pet accessories listed under General Merchandise.

n.c.e. Not classified elsewhere

— Not Available

[31] Does not include frozen foods.

[32] Includes false eyelashes, adhesives, brushes, tweezers, etc.

CONSUMER · EXPENDITURES · STUDY

HEALTH & BEAUTY AIDS

CONTINUED

(add 000 to all dollar figures)	1987										1986			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage Change from '86 to '87 Total[1]	Percentage Change from '86 to '87 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Cosmetics	**4,755,921**	**623,396**	**0.21**	**13**	**3.4**	**3.6**	**464,041**	**0.21**	**154,526**	**33.3**	**4,599,597**	**601,614**	**0.22**	**13**
Eye Makeup Products	2,582,973	535,517	0.18	21	4.5	3.9	396,283	0.18	131,566	33.2	2,472,882	515,556	0.18	21
Eye Shadow	*999,525*	*212,396*	*0.07*	*21*	*2.2*	*-0.5*					*978,009*	*213,463*	*0.08*	*22*
Eyeliner	*256,138*	*53,440*	*0.02*	*21*	*4.1*	*6.3*					*246,050*	*50,273*	*0.02*	*20*
Mascara	*1,091,949*	*223,580*	*0.08*	*20*	*7.4*	*8.3*					*1,016,712*	*50,273*	*0.07*	*20*
Other Eye Preparations & Accessories[32]	*235,361*	*46,101*	*0.01*	*20*	*1.4*	*1.6*					*232,111*	*206,445*	*0.02*	*20*
Lipstick (& Glosses)	1,326,952	44,976	0.01	3	2.3	1.9	35,081	0.01	11,507	32.8	1,297,118	44,137	0.02	3
Makeup Bases	690,606	35,917	0.01	5	1.9	2.3	27,297	0.01	9,745	35.7	677,701	35,105	0.01	5
Cake	*72,559*	*3,703*	*0.00*	*5*	*4.1*	*3.6*					*69,709*	*3,574*	*0.00*	*5*
Cream	*197,576*	*9,470*	*0.00*	*5*	*4.2*	*3.8*					*189,612*	*9,123*	*0.00*	*5*
Lotion	*420,471*	*22,744*	*0.01*	*5*	*0.5*	*1.5*					*418,380*	*22,408*	*0.01*	*5*
Pressed Cake Powder & Blush	155,390	6,986	0.00	4	2.3	2.5	5,380	0.00	1,851	34.4	151,896	6,815	0.00	4
Family Planning[33]	**502,048**	**60,625**	**0.02**	**12**	**11.1**	**35.7**	**54,487**	**0.02**	**22,013**	**40.4**	**452,000**	**44,570**	**0.02**	**10**
Condoms	194,700	30,459	0.01	16	29.8	56.2	25,890	0.01	12,816	49.5	150,000	19,500	0.01	13
Female Contraceptives[33]	60,388	9,065	0.00	15	2.6	8.3	8,340	0.00	2,744	32.9	62,000	8,370	0.00	14
Home Pregnancy Tests	246,960	21,101	0.01	9	12.9	25.6	20,257	0.00	7,029	34.7	240,000	16,800	0.01	7
Feminine Hygiene Products	**1,718,412**	**1,022,913**	**0.35**	**60**	**3.7**	**3.0**	**897,320**	**0.41**	**173,183**	**19.3**	**1,657,499**	**993,103**	**0.36**	**60**
Douches	66,540	24,591	0.01	37	10.1	11.8	23,116	0.01	20,742	26.6	60,423	22,004	0.01	36
Liquid Douches	*40,707*	*13,578*	*0.00*	*33*	*9.7*	[illegible]					*37,108*	*12,266*	*0.00*	*33*
Powder Douches	*25,833*	*11,014*	*0.00*	*43*	*10.8*	*13.1*					*23,315*	*9,738*	*0.00*	*42*
Sanitary Napkins	1,103,528	677,231	0.23	61	3.9	2.9	636,597	0.29	152,147	23.9	1,062,106	658,145	0.24	62
Tampons	548,344	321,091	0.11	59	2.5	2.6	237,607	0.10	34,215	14.4	534,970	312,954	0.11	58
Hair Products	**4,126,165**	**1,623,722**	**0.55**	**39**	**2.5**	**2.7**	**1,375,616**	**0.63**	**393,426**	**28.6**	**4,024,522**	**1,580,358**	**0.57**	**39**
Coloring Preparations	680,912	97,037	0.03	14	2.9	2.5	87,333	0.04	22,794	26.1	661,722	94,670	0.03	14
Cream Rinses	152,200	86,050	0.03	57	1.8	2.1	85,643	0.03	19,013	[illegible]	149,509	84,280	0.03	56
Dandruff Rinses	16,449	6,039	0.00	37	1.8	2.9					16,158	5,869	0.00	36
Men's Hair Dressings	132,908	66,573	0.02	50	2.5	2.7	61,247	0.02	17,455	28.5	136,283	68,401	0.02	50
Men's Hair Spray	*40,032*	*17,104*	*0.00*	*43*	*1.0*	*2.3*					*40,436*	*17,507*	*0.01*	*43*
Other Men's Hair Dressings	*92,876*	*49,469*	*0.02*	*53*	*3.1*	*2.8*					*95,847*	*50,894*	*0.02*	*53*
Shampoos	1,236,070	781,409	0.27	63	1.6	2.6	726,710	0.33	186,038	325.6	1,216,281	761,671	0.27	63
Baby Shampoo	*86,685*	*68,381*	*0.02*	*79*	*4.9*	*8.6*					*82,636*	*62,966*	*0.02*	*76*
Color Shampoo	*8,878*	*2,248*	*0.00*	*25*	*12.6*	*11.8*					*10,158*	*2,549*	*0.00*	*25*
Medicated Shampoo	*322,629*	*175,956*	*0.06*	*55*	*1.3*	*1.8*					*318,489*	*172,845*	*0.06*	*54*
Other Shampoo	*817,878*	*534,824*	*0.18*	*65*	*1.6*	*2.2*					*804,998*	*523,311*	*0.19*	*65*
Barrettes	93,728	12,261	0.00	13	8.7	9.3	180,467	0.08	86,444	47.9	86,226	11,218	0.00	13
Bobby Pins	39,507	10,290	0.00	26	0.8	0.6					39,826	10,352	0.00	25
Combs[34]	189,765	21,771	0.01	11	8.9	10.3					174,256	19,738	0.01	11
Curlers & Rollers	144,930	28,455	0.01	20	1.8	2.6					142,367	27,734	0.01	19
Hair Brushes	325,539	107,019	0.04	33	4.9	4.3					310,333	102,607	0.04	33
Hair Nets	36,320	4,090	0.00	11	1.2	1.7					36,761	4,161	0.00	11
Pin Curl Clips	29,165	9,875	0.00	34	1.0	0.7					29,460	9,949	0.00	33
Pony Tailers	79,976	9,011	0.00	11	0.1	0.3					79,896	8,984	0.00	11
Home Permanent Kits, Refills	131,791	25,167	0.01	19	4.7	5.8	22,400	0.01	6,204	27.7	138,291	26,717	0.01	19
Waveset Preparations	42,616	12,189	0.00	29	9.3	10.6	9,629	0.00	2,609	27.1	38,990	11,021	0.00	28
Women's Hair Dressings & Conditioners	311,209	136,731	0.05	44	0.3	0.9	118,956	0.05	31,048	26.1	312,145	137,973	0.05	44
Women's Hair Spray	442,401	201,405	0.07	46.0	10.1	11.1	159,110	0.07	604,981	26.3	401,817	181,283	0.06	45
Other Hair Dressings	57,128	14,389	0.01	25	5.4	4.8	11,367	0.00	3,058	26.9	54,201	13,730	0.00	25
Health Aids	**1,119,712**	**315,695**	**0.18**	**46**	**2.6**	**2.5**	**418,497**	**0.19**	**127,642**	**30.5**	**1,091,594**	**503,030**	**0.18**	**46**
Baby Oils & Lotions	105,785	84,931	0.03	80	4.4	4.2	69,644	0.03	19,779	28.4	110,654	88,655	0.03	80
Baby Pants	67,454	9,210	0.00	14	12.7	17.4	7,552	0.00	3,066	40.6	77,267	11,150	0.00	14
Baby Powder	93,971	45,389	0.02	48	1.4	1.2	37,219	0.01	8,858	23.8	92,674	44,851	0.02	48
Cotton Swabs	95,445	58,547	0.02	61	3.7	4.1	48,008	0.02	14,834	30.9	92,040	56,241	0.02	61
Diaper Rash Products	35,480	20,011	0.01	56	11.0	13.0	16,409	0.00	4,677	28.5	31,964	17,709	0.01	55
Fever Thermometers	35,453	11,907	0.00	34	5.1	5.4	9,764	0.00	3,466	35.5	33,733	11,297	0.00	33
First Aid Products	553,231	247,602	0.08	45	4.1	4.3	200,558	0.09	61,972	30.9	531,645	237,421	0.08	45
Adhesive Bandages	*216,111*	*112,283*	*0.04*	*52*	*4.1*	*4.3*					*207,600*	*107,654*	*0.04*	*52*
Adhesive Tape	*76,374*	*45,260*	*0.02*	*59*	*3.1*	*3.6*					*74,078*	*43,688*	*0.02*	*59*
Cotton Balls	*81,579*	*29,748*	*0.01*	*36*	*6.5*	*6.7*					*76,600*	*27,880*	*0.01*	*36*
First Aid Kits	*40,740*	*21,765*	*0.01*	*53*	*2.1*	*2.6*					*39,902*	*21,213*	*0.01*	*53*
Gauze Bandages	*48,275*	*11,820*	*0.00*	*24*	*4.7*	*5.3*					*46,108*	*11,225*	*0.00*	*24*
Gauze Dressings	*55,603*	*12,158*	*0.00*	*22*	*3.2*	*3.8*					*53,879*	*11,713*	*0.00*	*22*
Other First Aid Cotton	*34,549*	*14,568*	*0.00*	*42*	*3.2*	*3.7*					*33,478*	*14,048*	*0.01*	*42*
Nipples & Pacifiers	42,795	15,764	0.01	37	8.3	7.1	12,454	0.00	4,608	37.0	39,515	14,719	0.01	37
Nursing Bottles	43,788	6,540	0.00	15	10.1	6.7	5,363	0.00	1,931	36.0	39,771	6,129	0.00	15
Disposable Bottle Liners	46,310	15,794	0.01	34	9.4	6.3	11,530	0.00	4,197	36.4	42,331	14,858	0.01	35

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[33] Includes false eyelashes, adhesives, brushes, tweezers, etc.

[34] Includes sponges and all other non-Rx contraceptives.

[35] Includes comb clips.

(add 000 to all dollar figures)	1987										1986			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro[2] to Total	Percentage Change from '86 to '87 Total[1]	Percentage Change from '86 to '87 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro[2] to Total
Nail Care Products[35]	**574,871**	**108,885**	**0.04**	**19**	**8.9**	**11.1**	**86,019**	**0.03**	**29,935**	**34.8**	**527,697**	**98,037**	**0.04**	**19**
Manicure Implements	179,852	49,213	0.02	27	11.6	13.2					161,158	43,474	0.02	27
Nail Polish & Enamel	336,779	46,822	0.02	14	8.1	9.8					311,544	42,643	0.02	14
Nail Polish Remover	58,240	12,850	0.00	22	5.9	7.8					54,995	11,920	0.00	22
Oral Hygiene Products	**2,564,934**	**1,395,411**	**0.47**	**54**	**10.5**	**10.2**	**1,216,092**	**0.55**	**228,625**	**18.8**	**2,321,163**	**1,266,578**	**0.45**	**55**
Denture Products	307,837	128,026	0.04	42	3.1	2.9	108,822	0.04	27,750	25.5	298,504	124,453	0.04	42
Denture Adhesives	*139,773*	*52,634*	*0.02*	38	*2.8*	*3.7*					*135,966*	*50,756*	*0.02*	37
Denture Cleansers	*168,064*	*75,392*	*0.02*	45	*3.4*	*2.3*					*162,538*	*73,697*	*0.03*	45
Mouthwash & Gargles	626,717	339,979	0.12	54	21.1	20.7	295,782	0.13	52,058	17.6	517,520	281,673	0.10	54
Breath Fresheners[36]	20,569	10,634	0.00	52	3.2	3.1	8,720	0.00	2,895	33.2	19,931	10,314	0.00	52
Toothbrushes	347,977	120,836	0.04	35	9.6	11.6	99,086	0.04	32,104	32.4	317,497	108,276	0.04	34
Toothpaste & Powder	1,191,091	766,558	0.26	65	8.1	7.3	682,236	0.31	105,064	15.4	1,101,842	714,406	0.26	65
Dental Floss	70,743	29,378	0.01	42	7.4	7.0	21,446	0.01	8,493	39.6	65,869	27,456	0.01	42
Packaged Medications	**7,404,393**	**2,540,822**	**0.86**	**34**	**7.6**	**8.5**	**2,073,409**	**0.95**	**505,912**	**24.4**	**6,880,543**	**2,341,711**	**0.84**	**34**
Acne Preparations	208,085	39,368	0.01	19	11.1	11.8	32,676	0.01	10,326	31.6	187,295	35,213	0.01	19
Aerosol Antiseptics	75,637	14,533	0.00	19	15.7	16.9					65,373	12,432	0.00	19
Athlete's Foot Medications	106,672	27,482	0.01	26	10.3	11.8	71,852	0.03	25,436	35.4	96,711	24,581	0.01	25
Burn Remedies	50,054	14,070	0.00	28	2.2	1.9					48,977	13,808	0.00	28
External Antiseptics	27,200	5,567	0.00	20	8.0	7.9					25,185	5,159	0.00	20
Foot Salves, Ointments	67,281	15,727	0.00	23	10.1	11.3					61,109	14,130	0.01	23
Poison Ivy Remedies	52,708	12,436	0.00	24	17.7	19.5					44,782	10,407	0.00	23
Antacids	466,809	250,380	0.08	54	9.4	11.0	217,631	0.10	55,111	25.3	426,543	225,586	0.08	53
Effervescent Antacids	*202,351*	*107,263*	*0.03*	53	*9.6*	*10.8*					*184,627*	*96,808*	*0.03*	52
Liquid Antacids	*114,185*	*54,224*	*0.02*	47	*6.5*	*9.5*					*107,216*	*49,520*	*0.02*	46
Powder Antacids	*5,476*	*2,431*	*0.00*	44	*5.6*	*7.3*					*5,186*	*2,266*	*0.00*	44
Tablets, Pills, Gum, Lozenges	*144,797*	*86,462*	*0.03*	60	*11.8*	*12.3*					*129,514*	*76,992*	*0.03*	59
Cold Capsules, Tablets	714,961	388,851	0.13	54	9.6	11.9	318,858	0.14	73,337	23.0	652,337	347,499	0.12	53
Cough Medications	1,251,651	248,864	0.08	20	0.9	2.7	151,807	0.06	40,077	26.4	1,240,278	242,426	0.09	20
Cough Drops, Lozenges, Troches	*367,476*	*85,883*	*0.03*	23	*3.4*	*3.8*					*355,542*	*82,731*	*0.03*	23
Cough Drops	223,267	76,849	0.02	34	3.2	3.8					216,344	74,036	0.03	34
Lozenges, Troches	144,209	9,034	0.00	6	3.6	3.9					139,198	8,695	0.00	6
Salves, Ointments[37]	*56,113*	*20,365*	*0.00*	36	*2.5*	*2.9*					*57,552*	*20,973*	*0.01*	36
Syrups, Elixirs, Expectorants	*561,457*	*121,338*	*0.04*	22	*1.6*	*2.3*					*570,586*	*118,610*	*0.04*	21
Other Cough & Cold Remedies[38]	*266,605*	*21,278*	*0.01*	8	*3.9*	*5.8*					*256,598*	*20,112*	*0.01*	8
Nasal Sprays & Drops	188,042	23,415	0.01	12	6.8	6.3	20,137	0.00	6,102	30.3	176,069	22,027	0.01	13
Analgesics	2,461,184	1,075,821	0.36	44	7.4	7.9	894,898	0.41	204,037	22.8	2,292,090	996,798	0.36	43
Internal Analgesics	*2,182,140*	*990,990*	*0.33*	45	*7.7*	*8.0*	*812,612*	*0.37*	*182,025*	*22.4*	*2,026,980*	*917,481*	*0.33*	45
Arthritic	97,672	31,448	0.01	32	6.9	7.4					91,368	29,281	0.33	32
Extra Strength	1,025,072	504,223	0.17	49	7.1	7.6					957,117	468,609	0.17	49
Menstrual Pain	65,251	30,248	0.01	46	6.5	7.7					61,269	28,085	0.01	46
Pediatric	102,037	42,543	0.01	42	4.9	5.4					97,271	40,363	0.01	41
Regular Strength	706,613	304,127	0.10	43	7.1	7.5					659,759	282,909	0.10	43
Sinus	185,495	78,401	0.03	42	15.8	14.9					160,186	68,234	0.02	43
External Analgesics	*279,044*	*84,831*	*0.03*	30	*5.3*	*7.0*	*82,286*	*0.03*	*22,217*	*27.0*	*265,110*	*79,317*	*0.03*	30
Mouth Analgesics[39]	148,858	46,559	0.02	31	9.8	12.6					135,572	41,349	0.01	30
Other External Analgesics	130,186	38,272	0.01	29	0.5	0.8					129,538	37,968	0.01	29
Diarrhea Remedies	140,046	74,959	0.03	54	7.8	8.8	68,213	0.03	19,441	24.5	129,913	68,896	0.02	53
Hemorrhoidal Medications	186,317	54,633	0.02	29	5.1	6.6	45,891	0.02	10,325	22.5	177,283	51,233	0.02	29
Hemorrhoidal Suppositories	*107,185*	*32,405*	*0.01*	30	*4.8*	*6.8*					*102,276*	*30,342*	*0.01*	30
Hemorrhoidal Ointments	*79,132*	*22,228*	*0.01*	28	*5.5*	*6.4*					*75,007*	*20,891*	*0.01*	28
Laxatives	579,637	136,993	0.05	24	7.1	8.0	115,074	0.05	26,697	23.2	541,211	126,845	0.05	23
Eye Lotions, Washes[41]	143,528	71,469	0.02	50	11.7	13.8	59,319	0.02	13,762	23.2	128,494	62,802	0.02	49
Contact Lens Care Products	617,286	64,922	0.02	11	15.6	19.3	52,587	0.02	15,671	29.8	533,984	54,419	0.02	10
Sleeping Aids (Non-Rx)	67,295	30,332	0.01	45	8.7	10.5	24,266	0.01	7,668	31.6	61,909	27,450	0.01	44
Personal Cleanliness Products	**203,258**	**46,663**	**0.02**	**23**	**4.5**	**7.1**	**42,642**	**0.01**	**11,036**	**25.8**	**194,538**	**43,579**	**0.02**	**22**
Bath Salts, Tablets, Oils, Bubble Bath	127,243	37,082	0.01	29	4.4	7.6	34,115	0.01	8,802	25.8	121,936	34,472	0.01	28
Bubble Bath	*74,210*	*27,090*	*0.01*	37	*6.1*	*9.7*					*69,943*	*24,695*	*0.01*	35
Other Salts, Oils, Tablets	*53,033*	*9,992*	*0.00*	19	*2.0*	*2.2*					*51,993*	*9,777*	*0.00*	19
Talcum & Body Powder	76,015	9,581	0.00	13	4.7	5.2	8,527	0.00	2,234	26.2	72,603	9,107	0.00	13
Personal Deodorants, Antiperspirants	**1,164,334**	**653,217**	**0.22**	**56**	**2.9**	**3.9**	**581,363**	**0.26**	**141,271**	**24.3**	**1,131,013**	**628,531**	**0.22**	**56**
Stick Deodorants	494,808	308,926	0.11	62	8.9	10.0					454,369	280,842	0.10	62
Roll-On Deodorants	324,597	149,179	0.05	46	0.2	0.0					324,597	149,179	0.05	46
Feminine Sprays	7,552	3,821	0.00	51	1.6	2.9					7,433	3,713	0.00	50
Other Aerosols	337,377	191,291	0.06	57	2.1	1.8					344,614	194,797	0.07	57

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[36] [illegible]

[37] [illegible]

[38] [illegible]

[39] Includes antihistamines, [illegible] tubes and other inhalers.

[40] Includes liquids and salves for use on lips and gums for blisters, teething and tooth pain, and canker sores.

[41] Includes solutions, cleansing kits, tablets, and cases.

CONSUMER · EXPENDITURES · STUDY

HEALTH & BEAUTY AIDS

CONTINUED

(add 000 to all dollar figures)	1987										1986			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage Change from '86 to '87 Total[1]	Percentage Change from '86 to '87 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Shaving Products	1,771,780	593,515	0.20	33	4.4	3.2	466,806	0.21	126,065	27.0	1,697,689	575,355	0.21	34
After Shave Lotion	299,925	95,683	0.03	32	4.6	5.0	76,547	0.03	22,275	29.1	286,735	91,127	0.03	32
Depilatories	27,041	9,749	0.00	36	8.5	10.6	7,800	0.00	2,324	29.8	24,923	8,015	0.00	35
Pre-Shave Products	26,747	10,991	0.00	41	3.0	3.1	8,253	0.00	2,297	27.5	25,949	10,661	0.00	41
Razor Blades	414,321	196,219	0.07	47	2.4	1.6	153,051	0.07	35,508	23.2	404,610	193,129	0.07	48
Razors (Handles)	41,149	14,151	0.00	34	-1.0	-2.0	10,755	0.00	3,592	33.4	41,565	14,440	0.01	35
Disposable Razors	265,615	137,130	0.05	52	6.0	6.1	106,961	0.04	35,939	33.6	250,580	129,246	0.05	52
Shaving Cream	242,637	103,068	0.04	42	0.0	-0.3	81,424	0.03	18,728	23.0	242,637	103,378	0.04	43
Men's Cologne	454,345	26,524	0.01	6	8.0	8.0	22,015	0.00	7,507	34.1	420,690	24,559	0.01	6
Skin Care Products	1,794,184	451,083	0.15	25	6.1	7.7	357,914	0.16	94,131	26.3	1,690,965	418,697	0.15	25
Face Cream	704,661	143,164	0.05	20	-0.7	0.4	281,319	0.12	72,299	25.7	709,628	143,739	0.05	20
Face Lotions & Astringents	118,565	13,233	0.01	11	1.7	1.8					116,583	12,999	0.00	11
Hand & Body Lotions	441,484	178,954	0.06	41	11.9	12.6					394,534	158,929	0.06	40
Hand Creams	31,285	7,721	0.00	25	6.6	5.0					29,348	7,353	0.00	25
Lip Protectors	40,266	11,885	0.00	30	8.9	10.7	8,914	0.00	3,129	35.1	36,975	10,736	0.00	29
Liquid Face Cleansers	109,195	30,647	0.01	28	1.0	0.0	18,572	0.00	5,367	28.9	108,114	30,647	0.01	28
Suntan/Sunscreen Products	348,728	65,479	0.02	19	17.9	20.6	49,109	0.02	13,456	27.4	295,783	54,294	0.02	18
Vitamins & Tonics[41]	1,558,047	584,025	0.20	37	2.7	3.4	478,900	0.22	155,164	32.4	1,517,086	564,821	0.20	37
Other Health & Beauty Aids[42]	2,313,063	1,065,916	0.36	46	2.7	5.6	426,366	0.19	116,398	27.3	2,252,252	1,009,390	0.36	45
Total Health & Beauty Aids (non-Rx)	32,015,666	11,506,403	3.90	36	5.1	5.8	9,013,602	4.14	2,287,835	25.4	30,473,576	10,873,471	3.89	36
Prescriptions[43]	22,561,678	2,010,165	0.68	9	7.8	12.1	2,010,165	0.92	—	—	20,929,200	1,793,189	0.64	9
Total HBA & Prescriptions	54,773,344	13,516,568	4.58	25	6.2	6.7	11,023,767	5.06	—	—	51,402,776	12,666,660	4.53	25

GENERAL MERCHANDISE

(add 000 to all dollar figures)	1987										1986			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage Change from '86 to '87 Total[1]	Percentage Change from '86 to '87 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Audio & Video	$4,632,099	$710,529	0.24	15	11.2	32.6	$433,423	0.19	$160,808	37.1	$4,164,930	$536,020.00	0.19	13
Records, Pre-recorded Audio Tapes & Compact Disks[44]	2,766,669	245,855	0.08	9	16.1	10.3					2,383,005	222,897	0.08	9
Blank Audio Cassettes	438,667	13,158	0.00	30	12.1	8.3					391,318	14,349	0.01	4
Blank Video Cassettes	1,426,763	82,636	0.03	6	2.6	40.6					1,390,607	58,774	0.02	0
Video Cassette Rentals[45]	NU	368,880	0.13	—	—	53.7					ND	240,000	0.9	0
Auto Supplies	1,953,373	359,962	0.12	18	2.1	3.2	323,966	0.14	73,216	22.6	1,994,292	371,836	0.13	19
Antifreeze	443,253	81,089	0.03	18	8.1	10.2					482,321	90,300	0.03	19
Automobile Polish	155,012	42,094	0.01	27	6.9	-8.7					166,500	46,105	0.02	28
Automotive Additives	166,103	28,871	0.01	17	3.8	1.1					160,022	28,557	0.01	18
Motor Oil	1,189,005	207,908	0.07	17	0.3	0.5					1,185,449	206,874	0.07	17
Electrical Appliances[46]	ND	200,699	0.07	—	—	22.3	186,650	0.08	59,168	31.7	ND	164,104	0.06	8
Flashlights & Batteries	3,888,171	608,281	0.20	16	8.5	8.5	541,370	0.24	207,345	38.3	3,584,508	560,816	0.20	18
Batteries	3,572,151	525,157	0.19	16	8.9	8.8					3,227,338	525,880	0.19	16
Flashlights	373,600	36,124	0.01	10	4.6	3.4					357,170	34,936	0.01	10
Greeting Cards	4,032,554	502,418	0.17	12	9.2	11.2	487,346	0.22	248,059	50.9	3,692,815	451,815	0.16	12
Hardware[47]	ND	243,411	0.08	—	—	0.7	236,109	0.10	91,610	38.8	ND	241,719	0.09	0
Housewares	4,760,444	1,119,980	0.38	24	3.3	4.8	1,661,741	0.76	682,976	41.1	4,607,355	1,069,101	0.38	23
Bakeware	1,605,182	136,202	0.05	8	1.2	5.4					1,586,148	129,224	0.05	8
Barbeque Grills	594,090	3,979	0.00	1	2.8	2.0					577,909	3,901	0.00	7
Beverageware	481,501	73,911	0.03	15	4.6	3.7					460,326	71,274	0.03	15
Cutlery	550,803	50,319	0.02	9	7.3	6.1					513,330	47,426	0.02	9
Food Preparation Glassware	506,189	67,250	0.02	13	5.5	6.6					479,800	63,066	0.02	13
Kitchen Towels	19,478	6,689	0.00	34	1.9	2.0					19,115	6,558	0.00	34
Kitchen Utensils & Gadgets	ND	194,789	0.07	—	—	6.1					ND	183,590	0.07	0
Microwave Cookware	ND	92,844	0.03	—	—	-16.0					ND	110,528	0.04	0
Ornamental & Novelty Glassware	166,370	7,290	0.00	4	2.0	0.1					163,108	7,283	0.00	4

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42 Includes vaporizers, humidifiers and other health aid appliances, convalescent aids, home diagnostic tests, women's fragrances, etc.

43 Excludes sales through hospitals

44 Includes LPs, EPs, 45s, cassettes, 8-track and disc

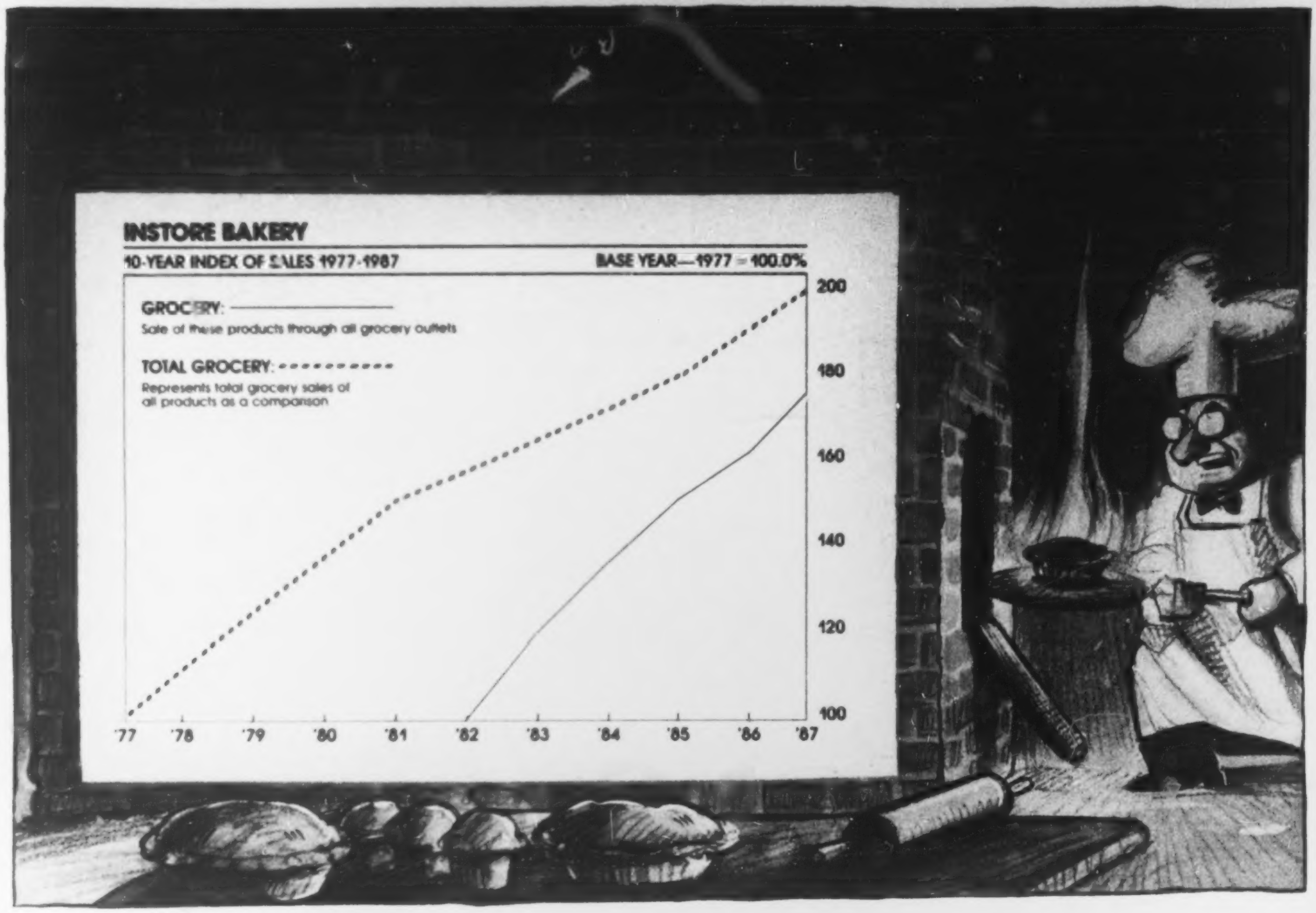
45 Does not include salesof pre-recorded video cassettes, or rentals of video cassette equipment

46 Includes all electrical appliances other than health aid applicances. Also includes portable radios, tape players and personal stereos

47 Includes non-electric tools, fasteners, paint supplies (not paint), and wiring devices

48 Includes bar accessories, plastic utensils, potholders, oven mitts, etc.

INSTORE BAKERY



Despite the fact that service bakeries are no longer a luxury and customers have come to expect them, sales could be stronger. The average consumer spends just $1.31 there.

The unmistakable aroma of freshly baked breads and sweets wafts throughout a new Publix store located on Orange Blossom Trail in Orlando, Fla.

Every Randall's Food Market features a bright and shiny bakery where all items are made from scratch. The drama of this sparkling department rivals that of the chic cosmetics counter.

At Tianguis in Montebello, Calif., predominantly Hispanic shoppers watch specially prepared breads made at the panaderia. Unusual shapes such as alligators and turtles are particularly popular.

An expected department

Service bakeries are no longer luxuries, but an expected department in new supermarkets. According to Bill Schroter, vice president of public relations, at Publix, almost every new store and remodel gets a bakery. Even units that Publix classifies as conventional sport a bakery.

According to research from SUPERMARKET BUSINESS, there were 18,850 bakeries in food stores in 1987, meaning that 62 percent of all units have an on-premises bakery. What's more, according to Judy Striegel, advertising and promotion manager for Rich's, the bakery is no longer just a traffic draw. It's a moneymaker, too.

Average weekly sales in bakeries increased from 1986 to 1987, from $4750 per week to $4875. Although gross margins slipped from 52 percent in 1986 to 47.6 percent in 1987, the bakery's contribution to store profits rose from 3.5 percent to 3.9 percent. Much of that improvement can be contributed to more productive bakeries. Improved self-service training programs for employees and enhanced equipment helped retailers accomplish this.

Bakery experts from chains such as Randall's, Larry's Publix, Tianguis and Minyard's say the biggest winners in the bakery department are multigrains, bran and high-fiber baked items. Customers are also seeking products that have no salt and are calcium fortified.

"That's one of the outstanding areas where we've seen steady customer interest," observes Schroter. This replaces the more sinful products popular in the last few years such as buttery croissants and cookies.

That does not mean, however, that cookies are being axed from the mix. "People still like a treat like cookies, cakes and sweets," replies Randall's supervisor of bakery, Tony Olafsson. Adds Striegel, "We're seeing growth in fortified muffins. By the same token, we're still seeing interest in brownies, whole cakes and the like. People feel if they are good sometimes, they can splurge at others."

By share of sales, the mix breaks out this way: 21.1 percent, white bread and rolls; 17.7 percent, variety bread and rolls; 8.3 percent, yeast-raised doughnuts; 20.1 percent, all cakes; 6.6 percent, bagels, croissants,

muffins; 6.5 percent, sweet goods; 5.7 percent, pies; 5.5 percent, cookies; 4.7 percent, cake doughnuts; and 4.4 percent, danish.

Varied approach works

Retailers continue to vary their approach to the instore bakery. Publix bakes some products from scratch and also bakes some at a bakery plant and then ships products to the store. There's also some ready mix and bake-off. Larry's makes many products from scratch such as scones since executives are not happy with bake-off products. But not all items are scratch because "we lost money and had too many products," Nancy Lazara, director of food services, told SUPERMARKET BUSINESS during a store tour. Randall's currently makes everything from scratch.

The most popular items to use a bake-off method include bread and rolls, yeast-raised doughnuts, cookies, pies and bagels. Mix is the favorite form for muffins, cake doughnuts and brownies. Scratch is important for bread and rolls, but not the number one method.

The baking dilemma has been a nagging problem ever since bakeries began appearing. It is a decision that impacts not only on quality, but on labor as well, says George Timms, vice president of bakery and meat operations for Minyard's (Coppel, Texas).

Freshness is always paramount

Retailers agree that there is nothing worse than having a customer disappointed in the quality of bakery goods. To ensure freshness and top quality, Xtra Food Centers dispatches headquarters executives to the eight Xtra bakeries. Minyard's has a bakery trainer go to each store.

Inconsistencies in quality often stem from labor problems. Olafsson says it is a constant challenge to woo quality people to work in the bakeries. He is placing a greater emphasis on training, including the use of videotapes.

Supermarketers have had to pay a handsome price for quality employees. In fact, labor costs now account for one-third of all bakery sales dollars. That has lowered the average weekly dollar sales per employee to $696, compared with $777 in 1986.

The squeeze caused by escalating labor costs has not encouraged retailers to shrink the size of the bakery. Departments average 1300 to 1500 square feet in most units, with the new hypermarkets such as Carrefour in Philadelphia turning over 2500 square feet to the department.

What some retailers are doing to offset rising labor costs and reduced gross margins is to combine some self-service with the full service approach.

Cub Foods has converted to more self-service; sales are up more than 30 percent. King's, which operates upscale units in New Jersey, uses many free-standing bins for items such as bagels.

Location still crucial

The location of the bakery remains a critical decision on the part of store planners. Different strategies exist. Publix, for instance, places bakeries on the right side in the front so that it is the last stop before the check-out. Shop-Rite prefers to place them on the left side, but back in the store as a draw. Randall's puts it in the front, making it almost the first department that the shopper sees.

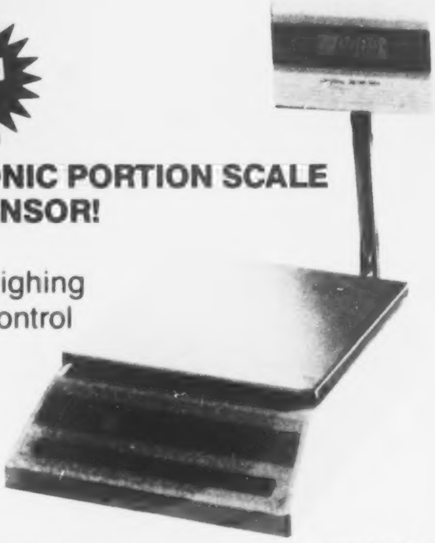
The plethora of locations underscores a major problem retailers have had with bakeries: Customers love them and visit them, but don't always buy from them. "We pipe that great smell around and the bakery is mentioned as one of the services our customers love," says one source. "But we have only a small percentage of customers actually purchasing something."

Research from SUPERMARKET BUSINESS bears this fact out: Only one in four shoppers actually purchases something from the bakery and spends an average of only $1.31.

As a remedy, retailers are increasing their promotion and advertising. A new Schwegmann store places the bakery right in the front of the store and features a beautifully decorated cake, so the bakery gets mentioned in just about every ad along with the travel department and jewelry department. Wegman's in Rochester, N.Y., well-known for its extensive use of sampling, always offers free items from its bakeries. One chain had a cake decorating contest.

Sampling is the biggest promotional vehicle, with 98 percent of those with bakeries using that tool, followed by newspapers at 92 percent, P-O-P at 80 percent, circulars at 72 percent, radio at 36 percent and television at 20 percent, SUPERMARKET BUSINESS statistics conclude.

—FAYE BROOKMAN



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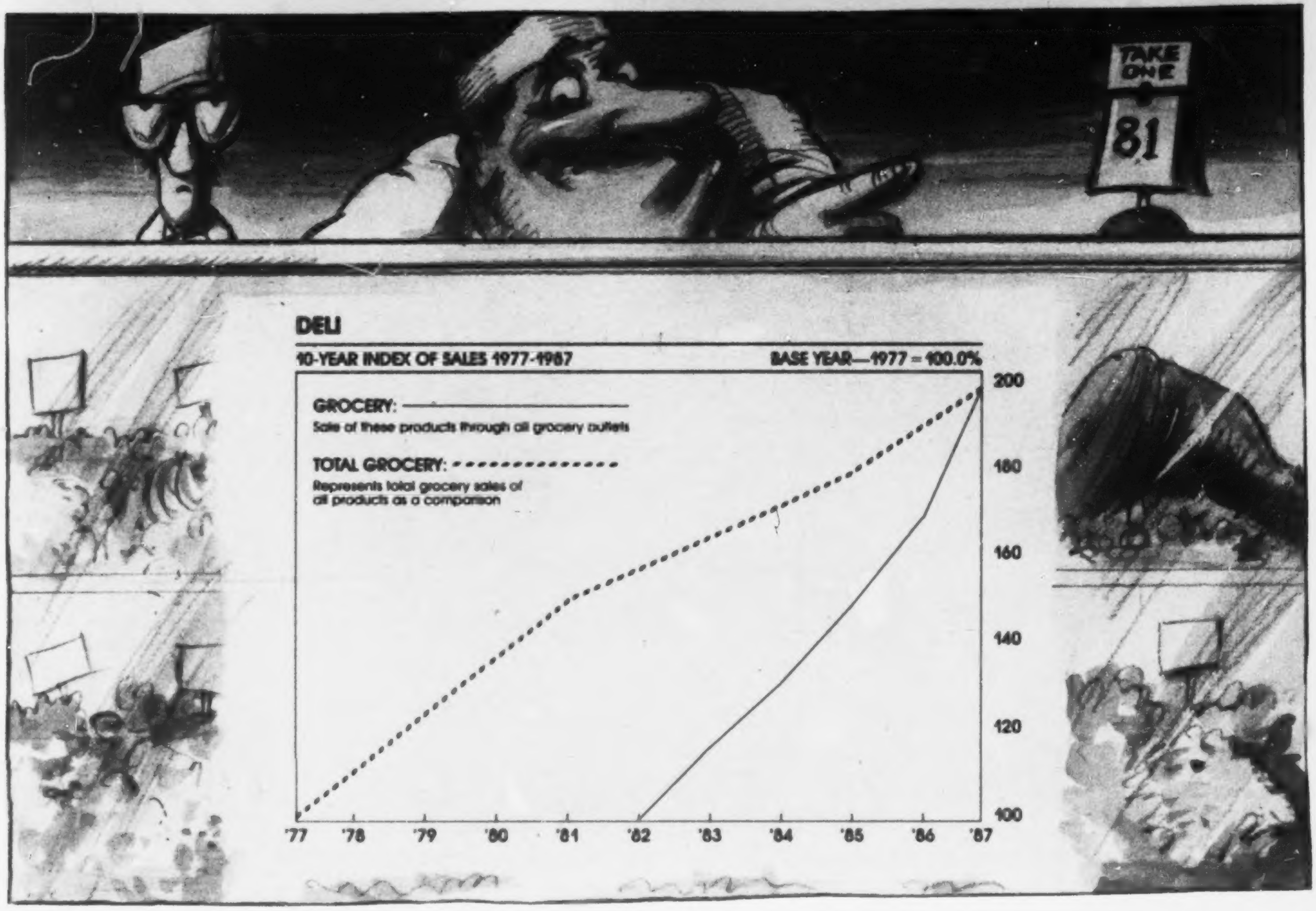

Prepared food is the focus of today's deli, as more operators strive to adjust to a changing consumer.

Fast food restaurants should be on guard! Supermarket instore delis are sneaking up behind them, taking a giant leap forward in the race for foodservice.

Supermarket delis are becoming better—and better-equipped fast food competitors—as they move beyond being just your traditional source of sliced cheeses and meats. Takeout prepared foods and entrees are becoming ever more popular with the consumer—and ever more central a part of the deli case.

Data from SUPERMARKET BUSINESS's Sixth Annual Operations Review of Service Delis (April 1988) shows that annual sales of prepared foods totalled $3.57 billion in 1987 compared to $2.97 billion in 1986.

To generate this growing volume, supermarket delis are offering more variety in prepared foods than ever before.

This is leading to a redefinition of the deli itself. "We often refer to the whole area that many people call the 'deli' as 'supermarket foodservice,' because it's more than just deli," says Dan Kozlak, marketing manager of Kraft, Inc. Foodservice Group (Deerfield, Ill.). "It's salad bars, fresh prepared foods, takeout food centers, snack bars, beverages, lots of things like that."

Hot vs. cold

But what to call the newly expanded prepared foods area is just one of several deli dilemmas facing today's store operator. Another is: Hot or cold?

In the past year, more and more operators have been asking themselves: Should the store offer more hot foods, more cold foods, or an equal amount of both? What sells better? What is more profitable? What do customers prefer?

From the standpoint of prepared foods' "shelf life," the answer is cold.

According to Arlene Gurman Spiegel, a foodservice consultant, "The trend today clearly is toward refrigerated entrees and other prepared foods.

"Until recently, most cold items consisted of rather simple products or side dishes. More complex products were usually sold hot.

"Now, that's rapidly changing, and we are seeing more sophisticated, refrigerated entree-type products. Preparing products and keeping them refrigerated does not compromise the products' integrity."

At least one operator agrees. As Carroll Brown, vice president, deli merchandiser for Tom Thumb Super Markets (Dallas), puts it, "We've had hot entrees for years, but the new area that we are getting into is to develop cold, take-home entrees in microwavable containers so the consumer can come by and get a fresh quality product, and be able to take it home to microwave and serve."

Chuck Jolley, market and press relations specialist of the Cryovac Division, W.R. Grace &

DELI

Co. (Duncan, S.C.), contends, "What you want to do with fresh prepared food is prepare it to that perfect point that the customer wants it, quickly chill it down and then hold it chilled until the customer gets it. It's a much better product that way."

Whether hot or cold, a key challenge in regard to giving the customer a quality product is obtaining quality labor—not to mention being able to afford it, operators say.

Labor a question

Some retailers hire chefs to prepare the meals instore.

"Right now," says Jolley, "we know that there are probably half a dozen chains that are preparing an instore eating area for which they hire a chef. They put him in the back for part of the day, creating fresh prepared foods, and then part of the day he's out on the floor, talking to the customers about it. That's an expensive way to go about it—one chef, one store, or at best, a couple of stores. You can't get any economies of scale; it's pretty costly."

Many operators agree, and hence have turned to manufacturer-prepared foods.

According to Ray Haefele, director of deli, Wilson Foods Corp. (Oklahoma City, Okla.), "Most operators are buying prepared foods from outside sources."

In highly competitive situations, however, other retailers are turning to "homemade" for the extra degree of differentiation this can provide.

"I think we're seeing an increasing number of people who are trying to do it in-house," Jolley observes. "And whether or not that can be cost justified, the value they end up with would be in the value difference at the end to the consumer. It is probably something that will come of age here in the next couple of years."

However and wherever supermarket-prepared food is produced, equipment manufacturers are there to help. Responding to the new demand, they are continually evolving and adapting their lines.

PMI Food Equipment Group & Hobart (Troy, Ohio) is getting ready to launch a new line of scales in October that will print ingredients and cooking instructions for refrigerated prepared foods labels, according to Bob Schuller, product line manager, weigh equipment.

"The new scales allow you to do the labeling and listing of ingredients," Schuller says. "They also give you the ability to provide instructions on how to reconstitute or prepare the food."

Diversity feeds diversity

In fact, these days Hobart and other manufacturers must continually expand their lines of equipment to keep in step with the many diverse areas that retailers are moving into. As Dick Green, manager, marketing services of Tyler Refrigeration Corp. (Niles, Mich.), says, "Our broad line is indicative of the way that department (instore deli) is going."

Equipment manufacturers aren't the only ones jumping on the bandwagon of refrigerated prepared foods. Food manufacturers, too, are introducing a growing number of products that can be chilled, heated and eaten. The store operator can

Know how barbecue can put a smile on your face? Deli Q.

Capitalizing on barbecue will take more than brushing the premier barbecue sauce in foodservice—Cattlemen's—on ribs, chicken, beef and fish. It's going to take a comprehensive, profit-oriented program with innovative recipes, promotion ideas and support materials. A

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DELI

choose to display them either hot or cold.

For example, Orval Kent's "Menu Specialties," which is part of the company's Signature Salad line, is designed to be served hot as well as cold. "Menu Specialties" consists of several items. "We have a program where every four months we introduce three or four new items," says Jonathan Talbot, director of public relations for Orval Kent Food Company, Inc. (Wheeling, Ill.).

"They are not necessarily all microwavable and heatable, but most of them have been. Ordinarily they are heated, but they can be either way. They are really designed to be bought and brought home to be microwaved."

Blue Ridge Farms (Brooklyn, N.Y.) has also come out with a new line of 21 prepared frozen gourmet entrees, which is a "totally new category for us," says Alan Green, national sales manager.

Along with the ongoing growth of prepared and refrigerated foods there is speculation about the future for "light," or calorie-reduced, products and low-fat and low-salt products.

There have also been some new introductions, by manufacturers who say they are responding to consumers' demands for "light" products.

"Customers, more and more, are asking for low-calorie and low-cholesterol products, and we are coming out with products that meet those criteria," says Jeanette Hall, director of marketing services for deli, ConAgra Deli Company (Omaha, Neb.).

Another company, Wilson Foods, introduced an entire line of "lite" products in January. It includes six items (cooked ham, beef roast, pork roast, turkey breast, corned beef and peppered beef), and "we will be introducing another three to the line in the fall," says Ray Haefele, director of deli.

"We've put a statement on the product line that states they are from 40 to 50 percent lower in cholesterol than roasted, boneless, skinless, white meat chicken."

Perdue, Inc. (Salisbury, Md.) has also put its toe in the water by marketing a line of no-salt products. "These are just like the common turkey breast item you would see behind the window in a deli case, except that it is unadulterated," says Joe Gilmore, sales and marketing director of further processed turkey. "It's an unseasoned, no-salt turkey breast, just like right off the turkey."

Kraft is introducing two new products that fit into the "light" category. "One is going to be in our Renaissance line that will be a glaced Swiss, low sodium; and we are also going to be introducing a low-fat Swiss cheese under our Bayfield County line," says marketing manager Dan Kozlak.

Among all these manufacturers, the consensus is that consumers are indeed more health-conscious these days, and want lighter and leaner products, whether low-calorie, low-salt, or low-cholesterol items.

More talk than action?

But does that actually mean consumers will buy those products in lieu of regular products

Continued on page 42A

Whatever the products they sell, supermarket deli operators are competing directly with fast food restaurants.

Afraid of barbecue?
Build your confidence with Deli Q.

Take the worry out of creating great barbecue with Cattlemen's Deli Q Program. Using the premier barbecue sauce in foodservice—Cattlemen's—and our team of barbecue experts, Deli Q will show you how easy it is to prepare unique barbecue dishes using chicken, ribs, baked beans, chops, brisket,

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SEAFOOD

With the public's desire for seafood increasing at a rapid pace, retailers are faced with some interesting new challenges. Will they sink or swim?

No doubt about it, seafood sales have been moving along swimmingly. As consumers become increasingly well versed on nutritional issues and recognize the benefits of fish in their diets, sales in both full-service and self-service seafood departments continue to rise.

Total per capita consumption of fish and shellfish increased about 25 percent from 1982 to 1987, from 12.3 pounds to 15.4 pounds, according to Robert Brubaker, president of the National Fisheries Institute in Washington. The category's growth in 1987 totaled about five percent, jumping from 14.7 to 15.4 pounds per capita, and consumer spending on seafood reached a new height of more than $28 billion last year.

Tuna, shrimp and cod were the top sellers in '87, comprising nearly half of total seafood sales. The top 10 species combined, which also include Alaskan pollock, flounder, clams, catfish, salmon, crab and scallops, represent 74 percent of total seafood consumption. Aquaculture, a process of fish farming that allows greater control over size and quality of seafood products, and increased U.S. fishing in the Bering Sea account for a growing portion of the seafood sold here, according to NFI executive vice president Lee Weddig.

"The growth in seafood is directly tied to the greater concern these days about nutrition," says Sue Gibson, communications specialist for Schnuck Markets in St. Louis. "People are trying—and liking—different types of seafood."

Merchandising concerns

But as the demand for fresh seafood continues to grow, many retailers have found themselves floundering in uncharted waters. Consequently, they've been forced to get a quick education about the various species of fish and shellfish available, establish healthy relationships with seafood suppliers, and determine standards of freshness and quality for the seafood sold in their stores.

"The biggest hurdle when it comes to selling seafood is to improve overall quality, regardless of whether it's fresh or frozen," asserts the seafood manager for a Southeastern supermarket company. "You have to set standards and develop specifications."

In terms of merchandising, he notes, there's an increasingly evident emphasis on value-added products, including oven-ready items. "That's the trend," he says, "because people don't know how to prepare seafood, but if they can just pop it into the microwave..."

"Value-added," in fact, is becoming a buzzword in the seafood industry. After a year and a half of research, the Virginia Marine Products Board (Newport News, Va.) recently introduced a Value-Added Recipe Program. The idea behind

SEAFOOD

the program: Retailers can increase profits by selling consumer-ready seafood.

For $15, retailers receive a spiral bound book with built-in stand that contains 14 seafood entree recipes that can be prepared in a minimum of space. "The recipes include everything from Cajun croaker to Virginia crab stuffing," says Shirley Berg, executive director of the VMPB. "Consumers are willing to pay extra for having the food prepared."

In addition to the recipes, the book contains tips for display and cross merchandising with appropriate items for each dish. Labels with simple at-home preparation instructions that can be affixed to the packaging are also included, along with "serve-with" suggestions for consumers.

"It's like selling a meal, not just an entree," Berg says.

Several retailers interviewed say they've observed a growth pattern in sales of prepared seafood items. Tim Kean, seafood merchandiser for Pay Less supermarkets in Anderson, Ind., says oven-ready stuffed flounder has been a big seller, and he's keeping an eye out for other prepared seafood products.

This past summer, some of the most popular items in Schnuck's service seafood department were fish steaks such as halibut, swordfish and shark, which lend themselves to outdoor grilling, according to Gibson. To stimulate shoppers' interest, the retailer cross-merchandises related items in the seafood area, including teriyaki and tartar sauce, Cajun seasonings, lemons and breadings. The store also offers free steaming of all its shellfish, and recipes and cooking tips for various types of seafood.

Similarly, at Dierbergs, another St. Louis supermarket chain, a special oven allows for quick instore cooking of many kinds of seafood. The new marketing tool is in keeping with a general trend toward convenience driven sales, according to Chesterfield store manager Dale Lauer.

Other varieties

Orange roughy and catfish are popular items at Pay Less, and Alaskan pollock and cod fillets continue to gain momentum, says Kean. Last October, the retailer began buying shucked oysters flown in fresh from an oyster grower on the West Coast. "That's worked out very well," he says. "We've had very good numbers, especially through the holidays."

However, he notes, Pay Less is "not selling near enough shrimp," a situation he attributes to a lack of consumer familiarity with preparation and cooking procedures for the product. To combat the problem, Pay Less now offers instore product demonstrations on an ongoing basis. The retailer also has facilities for steaming shellfish in one of its nine existing stores, and will include a similar setup in a new store currently under construction.

"We've gotten a much stronger response in our one store with a service case than we have with prepackaged seafood, although the packaged products are there too," Kean says. "I really feel you need both to do a good job.

"We expect to do well with shrimp if we get more people familiar with it," he adds. "There's a reluctance to take something home if you don't know what to do with it."

Supplier side

Many seafood suppliers credit retailers for their efforts in developing consumer awareness of their products. "The seafood department is becoming better educated about the species, and they're doing a better job maintaining and promoting high quality—it's not a sideline business," says Chris Howard, director of marketing for Clear Springs Trout (Buhl, Idaho).

Nevertheless, suppliers also play a significant role in promoting their own brands and the category as a whole. "We're trying to get the word out that the product is versatile," says Sam Hinote, president/CEO of Delta Pride Catfish (Indianola, Miss.). "Catfish doesn't have to be fried. It can be baked, broiled, poached, sauteed or used in gumbo, for example."

Delta Pride, which claims to be the largest processor of farm-raised catfish in the world, offers its products, including fillets, steaks, nuggets and strips, fresh on ice or chill-packed for extended shelf life. This year, the company introduced a full line of breaded products as well as a line of raw and breaded strips and fillets for sale in supermarket service departments, according to Hinote.

"Our industry is growing by leaps and bounds," he says. "Farm-raised catfish represents about 65 percent of all aquaculture products in the U.S. According to estimates I've heard, by 2010, 25 percent of all fish and seafood consumed worldwide will come from aquaculture.

"We're making a lot of inroads to supermarket delis across the country," Hinote continues. Unlike seasonal items, catfish is available year round, and its price has remained relatively stable from year to year, he notes.

Three new lines are currently being added by the company. Delta Pride Classics are prepackaged frozen preseasoned fillets available in three flavors: Cajun, butter garlic and lemon pepper. A line of marinated products in the same three flavors is offered fresh, chill-packed or frozen. In addition, there are frozen two and four-pound bag products in several styles.

Delta Pride offers instore cooking demonstrations to broaden awareness of its products, Hinote says. The company also supplies point-of-purchase posters and recipes to help promote its image.

Clear Springs Trout, Delta Pride and other seafood suppliers are also attempting to build brand awareness via improved labeling efforts. Many suppliers now provide labels with brand name and preparation ideas on their prepackaged products; they also supply labels that can be affixed to overwrapped tray packs prepared instore by the retailer.

"The packer is responsible for proper labeling," says Carol Shannon, a spokeswoman for the Berelson Co. (San Francisco), makers of the Sea Legs brand. "The FDA requires that you call a blended product imitation or blended, because it may have different nutritional qualities even though it's low in cholesterol, fat and calories. We also put a nutritional statement on all our packages although it's not required, and we provide smaller repack labels for retailers who wrap products themselves."

The company, which sells its goods both in bulk and prepackaged form, uses a Japanese process called surimi to blend various types of seafood. Jumbo shrimp is the newest addition to the lineup, which also includes lobster tails, crab legs, and several flake- and chunk-style crab items.

The jumbo shrimp consists of Alaskan pollock and shrimp, the crab legs comprise Alaskan pollock and crab, and the lobster tails are made of Alaskan pollock, shrimp and lobster, Shannon explains. Other new blended products are due out shortly, she says.

Shrimp on ice—very nice

Just about all shrimp sold in the U.S. is frozen at least once before it reaches the retailer, according to Charlene Goff, senior product manager for the New England Shrimp Co. (Ayer, Mass.), which offers farm-raised bulk and prepacked shrimp in several forms. In many cases, the shrimp is refrozen after being processed to remove shells and pieces.

"Aquaculture allows you to dictate the quality of the shrimp because you can dictate how it's grown," Goff notes. Unlike wild shrimp, cultivated shrimp is fed a consistent diet of various grains, and bisulfites are used to eliminate black spot, a condition that affects the appearance of the product, although it has no impact on taste or quality, she says. Also, she notes, there are no preservatives in farm-raised shrimp.

"Wild shrimp is iced down on the boat, which could affect its quality," Goff says. "Most of our shrimp is grown in Ecuador or China, where it's frozen within hours of leaving the water so it stays fresher longer. We thaw and process it and then it's refrozen by a process called IQF—individual quick freeze. Then it's packaged in bags or bulk for food service departments."

Retailers who choose to process and package the shrimp themselves receive it in frozen blocks, then thaw, process and repackage it as they see fit. The price differential may be eaten up by shrink and labor costs, however, Goff notes.

Issues and answers

Product identification, size and quality control remain significant issues in the seafood area, however. There's been some confusion over fresh vs. fresh-frozen products, for example, as well as problems involving substitution of one item for another. Such discrepancies make it difficult for both retailers and consumers to know what they're buying.

Getting to know the various suppliers and determine the quality of their products is generally the first step toward rectifying that situation, of course. "You have to visit the people you're trying to buy from," says Tim Kean of Pay Less. "It's an expense, but it's very beneficial. You have to establish a good relationship, and see their operations—the handling and sanitation. You have to establish standards and work with the suppliers to meet those standards."

With just about every supermarket in any given geographic area carrying seafood products, he notes, "The quality is all over the board. Customers' needs vary, and value goes along with that. There's also a lot of renaming as a marketing technique, which confuses people and misrepresents the product," Kean says. "As consumer awareness gains momentum, there's more pressure to call things as they are, and that's the way it should be."

—AMY LIPTON

Product identification, size and quality control remain key issues in the seafood area.

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DELI

Prepared foods have become the contributing force to the profitability of the deli itself.

Continued from page 27A

they're accustomed to eating? Alan Green of Blue Ridge Farms thinks not. "We see more talk about it (low-calorie products) than actual consumer demand for it.

"It sounds ironic—consumers are asking for it, but are not actually purchasing it. We've experimented in that end (low-calorie products), and we have found that people are talking about them and people are interested in them, but we don't see the actual sales of those types of products."

Whatever the specific products they sell, supermarket deli operators today find themselves competing directly with fast food restaurants. Accordingly, they now have to have expertise in the foodservice area.

This is the first hurdle to overcome. According to Jolley of Cryovac, "Most of the people that we talk to in the supermarket business are extremely interested in the prepared foods end of the deal.

"The people who are doing it and doing it successfully seem to be really making money, improving their store counts and it looks like it is an extremely hot market for them.

"The difficulty they have is: How do they get into it?"

So retailers, now more than ever, seem to be demanding and using more support material, whether it be in the form of merchandising, product development, program development, training, etc.

Says Joe Gilmore, Perdue's sales and marketing director of further processed turkey, "We have retailers demanding more of us now than we've ever had demanded of us in terms of support material for their people behind the deli.

"They're demanding training aids because they've grown to respect the notion that other than the cashier, the people behind the deli counter are really the only people inside the store who make direct contact with customers. They have to be like salespeople in a way that nobody else inside that store does."

Another aspect of foodservice that reportedly is receiving more attention and respect is program development—the "package deal" manufacturers offer retailers just getting started in foodservice.

Today, these programs run the gamut from basic to comprehensive, ranging from providing operations manuals to organizing a complete salad bar program with all the trimmings, containers and equipment.

Over the past year, more and more manufacturers have become involved with helping retailers to develop these kinds of programs.

For example, Kraft developed a program for salad bars. Dan Kozlak says, "One of the things we did when we first started a couple of years ago was concentrate on the supermarket salad bars. We put together a program that included merchandising support in the form of POP and media kits and operations manuals. We even put together an equipment package with an equipment company."

Retailers who are just starting out in prepared foods need just such help to get the ball rolling. The advice they seek ranges from equipment choices to effective merchandising.

In response, a growing number of manufacturer marketing programs emphasize working together with retailers to create a workable system, as well as to provide them with the necessary tools.

For example, Kraft's salad program "can provide retailers with the containers, the bacon bits and the portion control packets of salad dressings, give them some tips on merchandising and how to prepare it. We can sell them all the components and offer them some help in order for them to do that in their store itself," states Kozlak.

Sell systems, not products

Indeed, a "system of operation" is how Jerry Maahs, president of Alto-Shaam, Inc. (Menomonee Falls, Wis.), explains what is needed on the part of the retailers.

Alto-Shaam emphasizes the program as much as its equipment because it knows that, for the retailer to succeed with *any* equipment, a systems approach and top-notch training are essential.

"We've got new equipment that we bring out, or at least improved equipment that we're continually developing," Maahs says. "But we stress the systemization of equipment to make the operation simple and easy, and to minimize the labor."

The system won't work without the proper training, however. That's why, according to Maahs, "Over the last three and a half years we've developed our own distribution network and trained distributors nationwide and in Canada to be able to give very comprehensive training in the installation and use of our equipment."

Supermarket operators are indeed competing in a whole new race when it comes to the instore deli area of foodservice.

Prepared foods have certainly become the major player and contributing force to the profitability of the deli itself. It's a hard race to compete in, but retailers and manufacturers are willing to try, for the potential payoff is great.

Carroll Brown, vice president, deli merchandiser of Tom Thumb Super Markets, sums it up in this way: "There are a lot of people interested in getting into prepared foods, but at this point with not a whole lot of success.

"We're all trying to figure out how to package it, how to price it, and how to merchandise it, and so are a lot of manufacturers who are working with the different chains around the country.

"We think there's a good market for it, and we're trying. Right now it's a lot of trial and error. It's a whole marketing concept that we're going to have to tackle."

And, by all reports, a most exciting one, indeed.

—LAUREN LEKOSKI

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U.S. General Services Administration

CONTINUED

(add 000 to all dollar figures)	1987										1986			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage Change from '86 to '87: Total[1]	Percentage Change from '86 to '87: Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Plastic & Rubberware	ND	387,659	0.13	—	—	10.2					ND	351,778	0.13	0
Pots & Pans	700,111	69,276	0.02	10	4.0	6.1					673,164	65,293	0.02	10
Tableware	136,720	29,772	0.01	22	1.7	2.1					134,435	29,160	0.01	22
Other Housewares[48]	ND	593,156	0.20	—	—	[illegible]					ND	566,701	0.20	0
Periodicals	10,293,753	1,645,743	0.56	16	4.9	9.5	1,333,052	0.61	37,388	28.1	9,808,730	1,503,448	0.54	15
Children's Story Books	463,252	103,270	0.04	22	4.1	17.1					445,007	88,190	0.03	20
Coloring Books	22[illegible],777	28,473	0.01	13	3.6	4.5					230,059	27,247	0.01	12
Comics	119,846	36,451	0.01	30	4.5	7.5					114,685	33,908	0.01	30
Magazines[49]	2,354,121	1,265,225	0.43	54	7.3	10.8					2,193,962	1,141,900	0.41	52
Newspapers[50]	5,495,101	66,359	0.02	1	4.7	4.9					5,248,425	63,259	0.02	1
Paperback Books	1,639,656	145,965	0.05	9	4.0	2.0					1,576,592	148,944	0.05	9
Other Merchandise	4,056,548	492,705	0.17	12	5.7	3.6	379,837	0.17	164,849	43.4	3,837,325	475,371	0.17	12
Disposable Cigarette Lighters	313,832	132,099	0.04	42	2.5	2.3	107,000	0.04	45,154	42.2	306,178	129,129	0.05	42
Garden Seed Packets	106,868	56,993	0.02	53	2.9	2.7	51,293	0.02	24,313	47.4	110,060	58,574	0.02	53
Playing Cards	222,185	30,837	0.01	14	0.3	1.2	17,886	0.00	6,832	38.2	222,854	31,212	0.01	14
Road Salt & Ice Pellets	ND	21,312	0.01	—	—	18.2	17,263	0.00	6,767	39.2	ND	26,054	0.01	0
Sewing Notions	1,565,932	57,193	0.02	4	0.1	1.9	47,471	0.02	21,077	44.4	1,564,368	56,127	0.02	4
Shoe Laces	64,682	33,932	0.01	52	5.8	5.0	13,912	0.00	4,090	29.4	61,136	32,316	0.01	17
Sunglasses	1,391,120	106,234	0.04	8	15.3	16.1	81,800	0.03	42,127	51.5	1,206,522	91,502	0.03	8
Vacuum Bottles & Jugs	391,929	54,015	0.02	14	7.0	7.1	43,212	0.01	15,340	35.5	366,207	50,457	0.02	14
Picnic Jugs	*129,547*	*22,126*	*0.01*	*17*	*5.1*	*5.3*					*123,261*	*21,012*	*0.01*	*17*
Vacuum Bottles	*262,382*	*31,889*	*0.01*	*12*	*8.0*	*8.3*					*242,946*	*29,445*	*0.01*	*12*
Pet Accessories[51]	1,591,986	435,200	0.14	27	1.5	1.7	422,144	0.19	159,148	37.7	1,568,533	427,745	0.15	27
Bird Food	40,482	23,558	0.01	58	3.5	3.5					39,113	22,761	0.01	58
Pet Grooming Aids	67,192	14,347	0.00	21	4.0	2.0					12,927	3,314	0.00	27
Feeding Bowls	12,580	3,341	0.00	27	2.3	0.8					231,604	159,049	0.06	69
Flea Collars	223,961	156,027	0.05	70	3.3	1.9					1,220,911	228,556	0.08	19
Other Pet Accessories	1,247,771	237,927	0.08	19	2.2	4.1								
Photo Supplies & Processing	7,935,218	1,080,691	0.36	14	7.0	9.9	994,236	0.43	210,778	21.2	7,416,200	982,949	0.35	13
Film	2,511,497	684,458	0.23	27	8.0	10.2					2,325,460	621,105	0.22	27
Processing	3,923,935	297,797	0.10	8	9.1	10.8					3,596,641	268,770	0.10	7
Flash Bulbs & Cubes	96,040	27,042	0.01	28	14.6	13.2					112,459	31,154	0.01	28
Still Cameras[52]	1,403,746	71,394	0.02	5	1.6	15.3					1,381,640	61,920	0.02	4
Stationery	646,843	130,816	0.04	20	3.1	2.4	110,514	0.05	40,006	36.2	627,523	126,961	0.05	4
Looseleaf Fillers	183,645	18,472	0.01	10	3.8	4.1					176,922	17,744	0.01	10
Notebooks	107,167	16,921	0.00	16	1.6	1.4					105,479	16,687	0.01	16
Packaged Paper, Envelopes	94,340	27,537	0.01	29	8.7	8.8					86,789	25,310	0.01	29
Writing Tablets, Pads	261,691	67,086	0.02	26	1.3	0.2					258,333	67,220	0.02	26
Toys	12,762,550	277,669	0.09	2	5.6	3.5	222,135	0.10	85,744	38.6	12,085,748	268,279	0.10	2
Underwear & Hosiery	5,698,250	996,753	0.34	17	3.2	4.8	965,597	0.44	336,994	34.9	5,523,600	950,997	0.34	17
Men's & Boys' Underwear	ND	114,598	0.04	—	—	7.4	100,846	0.04	34,086	33.8	ND	106,702	0.04	0
Men's Hosiery	1,738,666	69,617	0.02	4	8.2	10.1	52,213	0.02	21,251	40.7	1,606,900	63,231	0.02	4
Panty Hose	3,824,823	796,750	0.27	21	1.2	4.2	812,538	0.37	281,951	34.7	3,779,469	764,635	0.27	20
Stockings	134,761	15,788	0.01	12	1.8	3.9					137,231	16,429	0.01	12
Writing Implements	951,308	111,552	0.03	12	5.4	6.2	80,317	0.03	33,010	41.1	902,593	105,843	0.04	12
Ballpoint & Fountain Pens	418,952	55,994	0.02	13	7.1	7.7					391,178	51,991	0.02	13
Ballpoint Refills	56,191	4,960	0.00	9	1.7	1.1					55,252	4,906	0.00	9
Broad Tip Markers	102,417	7,632	0.00	7	5.5	7.2					97,078	7,126	0.00	17
Fine Line Porous Pens	251,361	32,219	0.01	13	2.8	3.3					244,515	31,190	0.01	13
Mechanical Pencils	46,478	7,194	0.00	15	10.3	11.6					42,138	6,446	0.00	15
Woodcased Pencils	75,909	3,553	0.00	5	4.8	5.0					72,432	3,384	0.00	5
General Merchandise N.C.E.[53]	ND	1,316,314	0.45	—	—	NC	1,303,151	0.59	390,945	30.0	ND	844,878	0.30	0
Total General Merchandise	ND	10,141,923	3.43	—	—	5.1	9,681,588	4.44	2,982,036	30.8	ND	9,649,784	3.45	0
Total Foods, Dry Grocery, Nonfoods, HBA, GM*	ND	284,284,138	96.27	—	—	5.1	211,040,866	97.00	50,263,766	23.8	ND	270,585,823	96.8	0
Sales N.C.E.[54]	ND	11,013,862	3.73	—	—	NC	6,608,317	3.00	1,229,147	18.6	ND	8,992,177	3.22	0
GRAND TOTAL	ND	295,298,000	100.00	—	—	5.6	217,649,183	100.00	51,492,913	23.7	ND	279,578,000	1.00	0

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[49] Does not include subscriptions sales

[50] Includes sales from all outlets, including subscriptions and home delivery

[51] Excludes dog and cat foods, and cat litter which are listed under Dry Grocery Nonfood. Includes all other pet accessories not listed

[52] Includes disc, cartridge, and 35mm still cameras

[53] Includes clothing not listed, clocks, watches, scales, garbage cans (metal and rubber), automotive supplies not listed, snow shovels, garden tools and supplies, lawn furniture, etc.

[54] Includes sales of items not listed above from all store departments

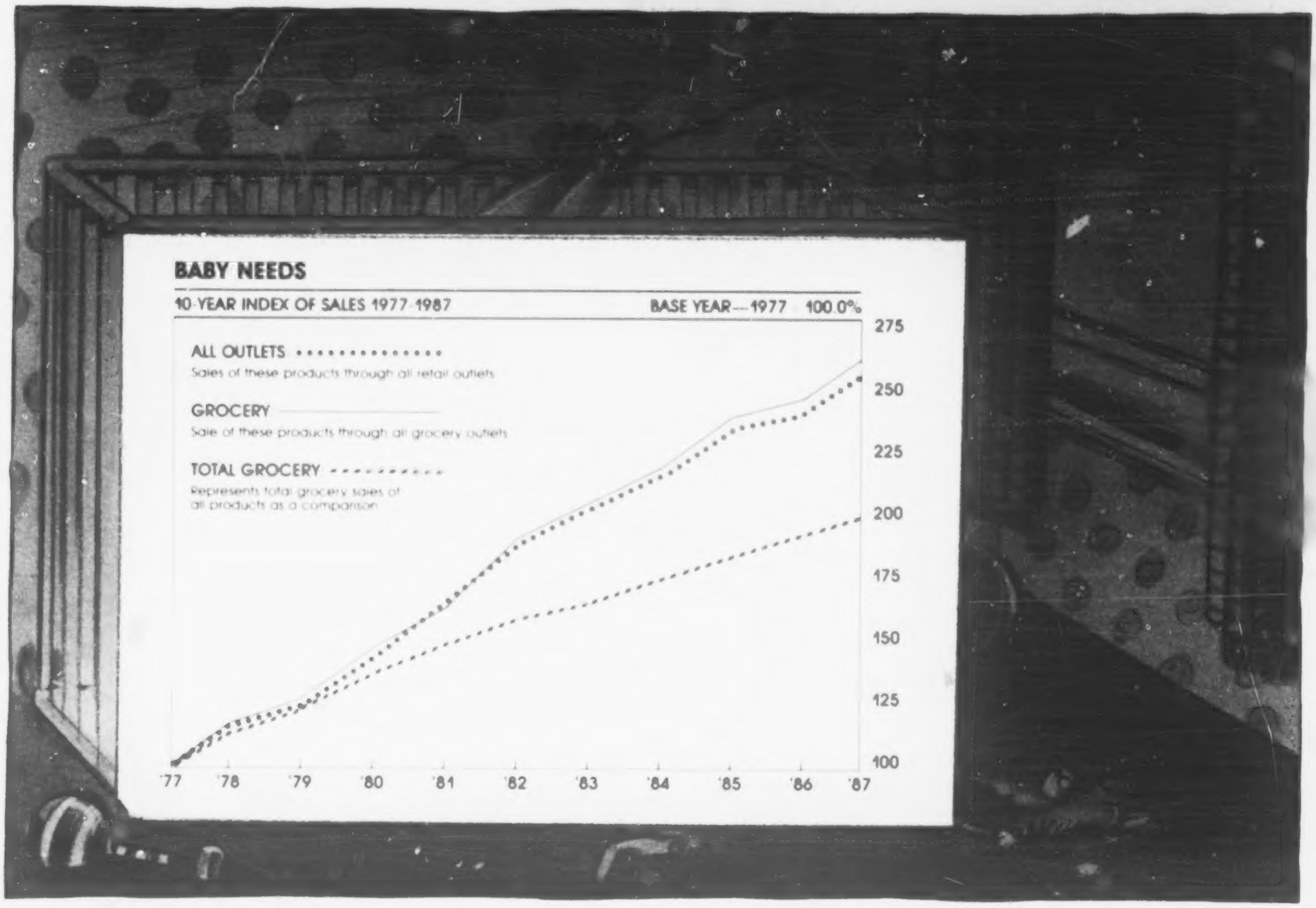
*Margin based on total excluding prescriptions

ND—Not determined

N.C.E.—Not classified elsewhere

NC—Not comparable

BABY NEEDS



Carnation plans big push to launch formula for babies allergic to milk- and soy-based products.

Just when the baby category recovered from two dramatic events—tampering of Gerber Products Co.'s baby food and charges that Beech-Nut was marketing sugar and water as apple juice—another brouhaha has surfaced.

This time the controversy concerns the thriving infant formula segment where Carnation Co., a division of Nestle, is planning to enter the $1.6 billion market with two major products. The company announced plans to unveil Good Start H.A., a whey-based formula for infants allergic to standard milk products and soy-based alternatives. Carnation estimates 15 percent to 20 percent of all infants experience an allergy, although many physicians claim it is under 10 percent. The other product, Good Nature, is a supplement for babies over four months.

Good Start H.A. has come under fire from industry sources who question Carnation's estimated $100 million advertising and promotion campaign. Advertisement will be aimed directly at consumers as opposed to the standard tactic of dealing directly with pediatricians. Breaking in fall editions of major magazines read by mothers and mothers-to-be, the ad will explain the symptoms of milk intolerance and urge mothers to consult a doctor. The brand name will not be named. Advertising for Good Nature, however, will be named and advertising will also be directly to the consumer.

Doctors must be included

Retailers warn that doctors must be a key part of the plan. "It will die on the shelves unless the pediatricians suggest it… it is like having an eye care product that the eye doctor tells you to use, so that's what you use," responds one buyer for a Pennsylvania-based food chain.

Although Carnation does not plan to provide a substantial amount of hospital giveaways, it does plan to have a detail force for physicians. "There have been many false reports concerning our launch," reports Carnation spokesman Dick Curd. "We called a press conference and we announced we would eliminate mention of company sponsorship in the public information campaign about infant formula intolerance. We are now in agreement with the American Academy of Pediatrics." He adds there will be a full detail staff to work with doctors.

This marketing approach opens Carnation up to renewed boycott threats. Several years ago, parent Nestle was faulted for its encouraging of mothers in the Third World to give up breast feeding in favor of formula. Doctors who objected pointed out the dangers in formula if used improperly.

But all the rumblings have not halted the buy-in of Carnation's line. Analysts who follow Carnation say it is putting the muscle behind the brand to make it work. Already, Shaw's is

P

planning to add the line, reports Robert Lyons. Several other California-based chains also have given it the nod.

Despite its properties of being good for babies allergic to milk and soy, the "predigested" properties of Good Start are not unique. Bristol-Myers Co.'s Mead Johnson Nutritional Group has marketed a product called Nutramigen for 40 years.

Competitors ready for a fight

Not surprisingly, competitors are gearing up for a battle. Although officially executives say they are not concerned about the entry, privately they show worry. One firm has already turned to a leading market research firm to help it monitor results closely. Says one executive, "Sales have been flat in this business, but with 3.7 million babies born yearly, we see things perking up and we want to get the business."

It is estimated that 60 percent of all mothers breast feed. But statistics show more are switching to formula earlier and solid food introduction is being delayed until the baby is four to six months old. According to research from Wyeth-Averst, formula is a rapidly turning category. Formula-fed babies consume the equivalent of 45 cases of ready-to-feed quarts of formula in a nine month period. It is no wonder manufacturers are concerned about keeping their share of the business.

According to a report from Lorraine Schwarz at Salomon Bros., Abbott is the market leader with 54 percent of sales, followed by Mead Johnson's 38 percent and Wyeth-Averst at 10 percent.

Although milk-based products account for $800 million, or 72.8 percent of the business, according to A.C. Nielsen figures, soy-based items are making the biggest sales leaps. Wyeth-Averst's Nursoy, a soy-based product, experienced a 50 percent sales gain last year, retailers say.

New ways for WIC

For the remainder of 1988 and beyond, the category will get more competitive among brands. Until recently, the business was driven by relationships between marketers and health professionals. However, states now have new ways to administer WIC (Women Infants and Children) benefits, and it opens up bidding and a path for Carnation. There are currently 950,000 infants on WIC programs.

Chains such as Schwegmann, Shaw's and Hannaford Bros. have upped their space to infant nutritionals. However, the bulk of space still goes to baby foods. The dominant force continues to be Gerber, which has built its share to 70 percent—a figure even higher than pretamper scare numbers. Gerber has such a strong franchise in baby foods that some supermarkets don't stock any competitive brands.

Gerber has extended its phenomenally successful First Foods Fruits and Vegetables and added new lean meat dinners.

"We are excited about the impact these products are having in the marketplace," says Bob Erber, vice president of marketing. "The sales data indicates First Foods are addressing parents' need for all-natural, single-serving size baby foods."

"It is a tough category," confirms a spokesman for Panama City, Fla.-based Sunshine-Jr. Stores, Inc. "In our market, sales have been flat and it really is a loss leader to get people into the stores. We only carry Gerber now—it is a very recognizable name."

Bob Johnston, executive vice president/general manager, Gerber Products Division, says the number of dozens of baby food moved is up from 172 million in 1986 to 180 million. Gerber has made some changes to respond to mothers' needs.

For example, according to Johnston, the junior sizes have been downsized from 7.5 ounces to six. Also, Gerber has launched a four-pack of 8-ounce shelf stable whole milk products. Gerber remains the market leader with a 67.2 percent share. It has 80 percent of the junior market, 73 percent of juices and 83.9 percent of cereal. One final trend pointed out is a move toward more healthy baby foods, such as its new lean meat with 10 percent less fat.

Expansion into accessories

To offset the paltry margins reaped by baby foods, Gerber has been successfully expanding into accessories. "We just can't make money on formula and diapers because everyone else discounts them," laments Skip Genaurdi at Genaurdi's Supermarkets.

But accessories, he adds, provide healthy margins and help build customer loyalty. Christie Frazier, nonfoods specialist for Bashas', agrees and picks the baby department as one of her top 10 areas.

Good items at both chains and others have been Gerber bibs, Ansa bottles and nipples of all kinds. Many conventional chains are slipping into nonfoods by adding Gerber's program or via j-programs. A remodeled ACME in New Providence, N.J., has an enlarged nonfoods offering, according to a store merchandiser. A&P's new Food Bazaar in Montvale, N.J., makes use of gondola top space by placing accessories on j-hooks serviced by Supermarket Services. Vons' Tianguis store is even trying soft goods; it features a waterfall display of Carter Co. clothing near the entrance of the store.

Accessory margins hover in the 35 percent to 40 percent range and help combat the tough profit scene in the $3 billion disposable diaper business.

A tight race

Kimberly-Clark and Procter & Gamble remain locked in a tight market share race. Pampers and Luvs, P&G's brands, control 39 percent and 15 percent shares respectively. K-C's Huggies have a 34 percent share. What is important to note, analysts say, is that P&G's share has dropped from 75 percent to 54 percent since 1975. Most recently, K-C introduced an economy-priced superabsorbent diaper called Snuggems Ultra. Meanwhile, P&G is rolling out Luvs Deluxe diapers for Boys and Luvs Deluxe diapers for Girls. The marketing idea is that extra absorbent fibers need to be in different places for different sexes.

It comes at a time when both firms have been pushing the high-absorbency, thinner brands.

"Thin is in," says a spokesman for New Orleans-based Schwegmann. The ultra thins, such as Pampers Plus and Ultra Pampers Plus as well as Huggies Supertrim, are where the dollars and inventories are shifting.

Unfortunately, retailers say, customers tend to buy whatever brand is on sale. The manufacturers are trying to build greater brand loyalty.

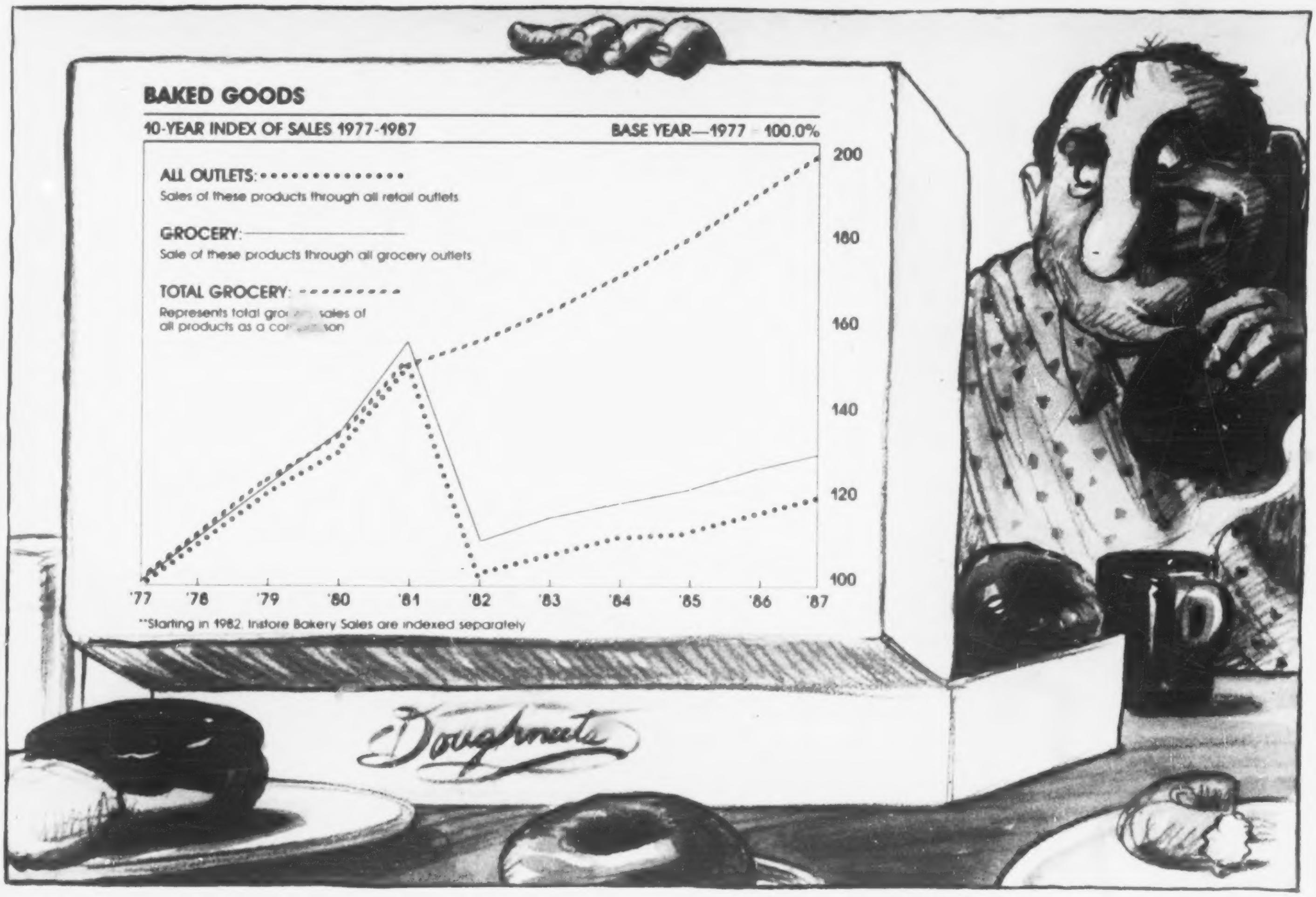
As in past years, supermarket retailers continue to see a trend toward larger-sized boxes and space has been cleared on bottom shelves to accommodate the huge boxes.

Supermarket retailers will struggle with the proper way of presenting baby care needs, especially in combination stores. Some products, they say, cross over between drug and food.

—FAYE BROOKMAN

According to retailers, customers tend to buy whatever brand of disposable diapers is on sale, so manufacturers are trying to build greater brand loyalty.

BAKED GOODS



More customers buy instore and retail baked goods, but sales of soft cookie products lag, as retailers seek a new 'must have' category.

Rondi Stearns, with baby Ben in tow, stops at the bakery in her new Safeway store. After buying some rye bread and rolls, she completes her shopping. That includes the purchase of retail bread and Almost Home Cookies. "I always buy both; the bakery bread we use right away. The other bread gets saved to be used as we need it."

She's not alone in her purchase of both instore and retail baked goods. "The advent of the instore bakery has not harmed retail goods," reveals Bill Schroter, vice president of public relations for Publix Super Markets in Lakeland, Fla.

Tony Olafsson of Randall's agrees. "If anything, instore bakeries enhance the baked goods business."

That's the good news.

The flip side of that is the fact that business has been sluggish in retail baked products, particularly in the $400 million soft cookie segment. The problem? Retailers blame a lack of truly new and "must have" products or categories.

Retailers also blame intense competition from convenience stores and a new contender, the local gas station. During 1987, many gas stations started selling convenience food items. These two outlets offer customers the chance to pick up a loaf of bread or doughnuts in one quick stop. Total retail sales of baked goods rose only 2.3 percent to $18.4 billion last year, according to SUPERMARKET BUSINESS CES figures.

Retail sales in grocery stores outpaced overall increases, however, rising 2.7 percent to $11.5 billion. Croutons were the segment exhibiting the greatest sales surge, with volume up a healthy 10.4 percent. Retailers attribute that to improved flavors and cross merchandising near the produce area to capitalize on the nation's desire to eat more healthy items such as salads.

Other classifications were held to single digit gains. Pies were particularly affected with sales decreasing .8 percent. "The frozen pies and other desserts hurt bakery pies," explains a source at a New Jersey-based retailer. "New technology has made frozen pies and frozen microwave pies better than ever."

Cookie sales take a dip

Sales across the total $3 billion cookie classification have quieted after the sales spike brought on by the soft cookies unwrapped in 1986.

The major producers—Nabisco, Keebler and Duncan Hines—all rushed soft cookies to the market. Nabisco, which owns 37 percent of the total cookie market, is the soft cookies market leader followed by Keebler's Soft Batch and Duncan Hines' ready-to-eat brand.

During 1987, Almost Home extended its line with three new flavors. To make space for the new items, some retailers axed space devoted to other brands.

"We were lucky to have a

The debate continues as to the best location for retail baked goods—near the instore bakery or within the interior of the store.

store big enough to support it and Nabisco had a good launch program," explains Randy Freeman of Smitty's Supermarkets (Springfield, Mo.) "But I know that Duncan Hines is often the loser in the category."

Grappling for shelf space

The challenge to find space in the bulging cookie business has been tough for retailers, especially since sales have not been booming enough to warrant more space. Many manufacturers have turned to electronic space management systems such as Spaceman to help maximize the productivity of the department. They've also employed the use of slotting allowances to gain shelf space.

At Publix, the use of endcaps helps ignite impulse purchases of cookies. Recently, sinful delights such as Little Debbie's Devil Dogs were prominently displayed on one of 26 endcaps.

Despite a trend toward healthier foods, retailers report consumer demand for rich and sweet cookies. The upper end has always fared well, reports one source, who named Freihoffer chocolate cookies and Pepperidge Farms items as popular choices.

Not suprisingly, more cookie producers are moving into premium products to satisfy the customer's sweet tooth. Pepperidge Farms has an American Collection that a spokesman says could grow to be as big as the whole business put together.

One of the biggest launches in 1987 was Nabisco's line extension of the Oreo line. Oreo, the largest selling cookie in the world, added an Oreo Fudge Covered version. Chocolate lovers responded by snapping up the new cookies and retailers were more than willing to find space on crowded shelves for the new product.

Most retailers say they try to segregate traditional cookies and upscale cookies. Premium cookies are usually placed near breads to facilitate the direct store delivery process.

Crackers show stability

The $2 billion cracker business is a stable category for supermarket retailers. Here, too, there has been a move toward higher priced crackers suitable for use in entertaining. According to Nabisco spokesman Car-

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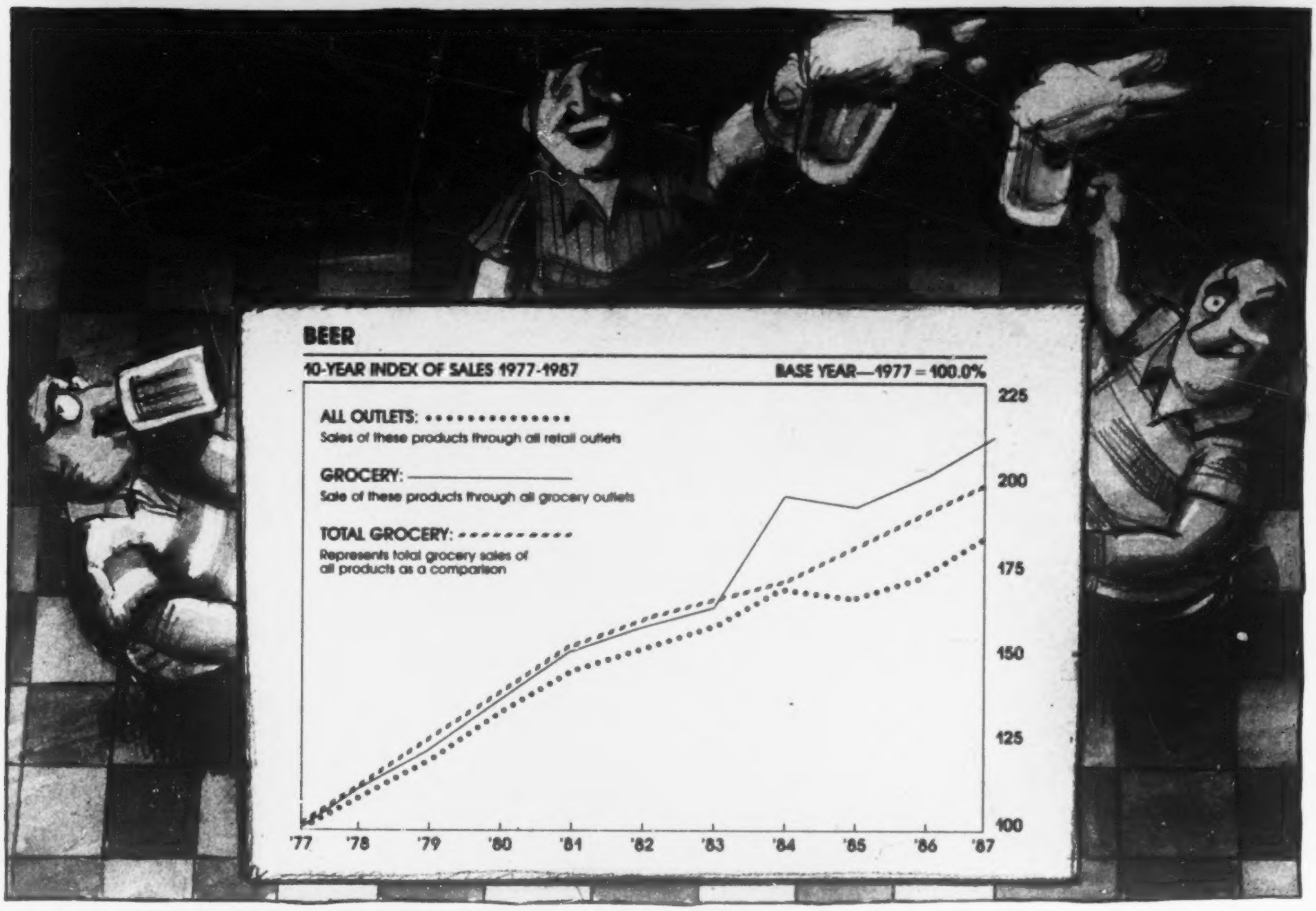
NEW
Oatmeal

Fresh
Self-Serve
BAKED GOODS



The popularity of Corona and 'craft beers'—special-label brews—fuel the turn to off-premise beer consumption.

Mandatory recycling has made it easy to observe what vacationers are imbibing at their summer homes in Long Beach, N.J. Following any Saturday night, it is not uncommon to find recycling bins filled with empty bottles of imports such as Mexico's Corona and Holland's Heineken. Increasingly, bottles from domestic "mini-breweries" such as Samuel Adams have been added to the pile.

The debris from the Saturday night festivities underscores the major trends in the $38.7 billion American beer business: the wildfire success of Mexican brews, particularly Corona Extra, as well as the emergence of what many call "craft beers," such as Philadelphia's Dock Street, San Francisco's Anchor Steam, New York's New Amsterdam and Boston's Samuel Adams.

Moreover, the empties also illustrate a third trend—the growing incidence of off-premise consumption rather than on-premise.

"People have become couch potatoes," observes Michael J. Mazzoni, executive vice president and general manager of Chicago-based Barton Beers Ltd., the importer of Corona and other beers for the western U.S. "That's caused on-premise consumption to decline while off continues to grow."

That's good news for supermarkets, he adds. Overall, however, beer consumption (in barrels) declined 0.2 percent last year. Although it is up slightly, to 0.8 percent, for the first four months of 1988, experts predict the beer market will stay flat. According to Mazzoni, there are several reasons including the current emphasis on health as well as stiff drunk driving rules. "People switched to wine coolers a few years ago and now they are going to flavored mineral waters."

But when they want to entertain and have alcoholic beverages, many are eyeing higher priced imports. While consumption of domestic beers declined 0.5 percent—dragging the overall average down—import intake climbed 5.9 percent. Although retailers say the bulk of their business is with traditional brews—Budweiser, Miller, Coors and Stroh's—the real growth activity stems from imports. Imports may only account for close to 6 percent of consumption, observes one source, but as a group they comprise about 10 percent of dollar sales and 10 percent of profits.

Sales of imports zoomed 105 percent since 1980. With the increase in sales came high price points, but also a proliferation of SKUs. Montvale, N.J.-based A&P, for example, now stocks over 70 varieties of beer; Safeway has 65 including 30 imported brands.

The one to have

During 1987, the one import to have was Corona Extra, a Mexican brew that should sell over 67.5 million gallons in the U.S. this year, according to Car-

BEER

los E. Alvarez, president of Gambrinus Importing Co., the distributor for eastern states. The smooth-tasting beer, which is usually consumed with a twist of lime, obtained almost a cult status, explains a source at Giant. The Corona craze propelled the beer's market share from a paltry 0.9 percent five years ago, to 18.7 percent of the total import market in 1987, according to *Beverage Industry* Magazine. It is even challenging Heineken's 22.4 percent share for number one.

Corona first crossed the border in the early 1980s. Bored consumers, looking for a new wrinkle, quickly adopted Corona and the obligatory lime. As the fable goes, the lime actually was used by Mexicans to clean off the top of the cans or bottles and then discarded. "Some marketing guy in California thought up the idea of tossing the lime in," says one source.

Distribution of Corona slowly crept across the country to rave reviews. Most recently, Corona gained distribution in New Jersey and the tough New York market. Although A&P spokesman Bill Vitulli says it is too early to tell for sure, Corona is off to a good start.

Prior to its wider distribution, liquor store operators were shipping Corona in and selling it for as much as $40 a case. A few bars such as New York's hip Cafe Iguana were able to get the beer prior to its official debut. In one week, a Cafe Iguana source confirms, more than 12,000 bottles of Corona and its relatives Sol and Tecate were moved. In supermarkets, Corona is selling for about $5.99 to $7.50 a six-pack.

"A lot of people made a lot of money off Corona," observes Jim Koch, brewmaster and president of the Boston Beer Company. "It is very, very profitable—especially when you look at what it goes for in Mexico."

Has Corona peaked?

All rapidly ascending trends do take a downturn and many believe Corona's popularity has already peaked. Many feel now that fickle East Coast consumers can readily buy Corona, the mystique is gone. One Calfornia retailer, who asked his name not be used, says Corona volume is off 30% from 1986, his best year for the brand. Even Mazzoni admits on-premise consumption is declining, although he sees a spurt in on-premise sales.

Mazzoni doesn't predict a major ebb in sales. "It is an easy beer to like...we call it drinkability," he explains. About 45 states can now get Corona, representing about 97% of beer volume. Retailers say 1988 and '89 will be important years for Corona; they'll determine whether it is a fad or an important brand to stock.

Whether the Corona craze hurt it or not, Heineken is prepared to woo back customers to its full flavor taste. In fact, according to Philip Van Munching, a spokesman for Van Munching Co., New York, the exclusive U.S. importer, the company's new ad campaign encourages beer drinkers to consider not what's in, but what's in the bottle. The campaign—when you're done kidding around—pokes fun at the trendy types who drink only what is in fashion.

Heineken's sales reviving

While Van Munching admits to a tough year, he blames a great deal of the problem on an unfavorable exchange rate that hiked prices. Retailers agree that Heineken's sales are climbing back up, proving it does deserve its number one import rank. However, many say Heineken actually discounted its brews lately to combat the competition.

Some attribute Heineken's renaissance to the same factor pumping sales of "craft" beers: a consumer demand for full-body brews. This same consumer demand is fueling sales of Australia's Foster's (over the last three years, sales have tripled) and creating a stir over Japan's dry beers.

There are consumers, say Koch, who want the freshness and body of locally brewed brands. In fact, he adds, his Samuel Adams brand actually outsold Corona in Massachusetts for the first five months of 1988. In a category that thrives on heavy consumer advertising, Samuel Adams has grown via word of mouth. "Our secret is freshness and that's why our distribution is limited to places where the product turns," explains Koch. Samuel Adams is in major markets such as Virginia, Seattle, Maryland and New York.

Koch is staking his freshness reputation. He is the first brewer to provide a consumer freshness label giving customers a purchase deadline date to buy the beer to ensure freshness. "Many products have this, but it is in a code," he explains. "We're going to educate the customer about freshness."

Samuel Adams has been a runaway hit at chains such as Safeway and Giant. For Independence Day, Safeway did a good job with Samuel Adams, featuring a poster telling customers to declare their independence from foreign beers—a potent Buy-America pitch.

"I'm not the next trend—90 percent of beer drinkers don't even like it—but we are appealing to many of those who had been drinking an import."

Domestic brewers respond

Domestic brewers are not letting the imports or the "craft" beers overrun them without a fight. In fact, they point out, the craft breweries have yet to make any money. Anheuser-Busch continues to dominate, capturing 36.3 percent of the market, with Budweiser and Bud Light. Miller High-Life, Lite and Genuine Draft have 16.1 percent and Stroh's and Stroh's Light take a 2.3 percent share, according to Beer Marketer's Insights. Coors, seeking to expand beyond its two mainstays of Coors and Coors Light, has launched new campaigns for Herman Joseph's Light super premium. Also, Coors Extra Gold has been unleashed to compete in the full-bodied, premium-priced arena. The firm has earmarked more than $100 million in advertising.

Coors is bullish about the domestic beer market for the remainder of 1988. In the first six months of 1988, according to Rick Dewberry, director of national accounts, A-B's consumption was up 3.9 percent, Miller's 1.9 percent and Coors' 4.7 percent. He believes Americans are returning to quality-tasting beer and he attributes Extra Gold Draft's success to that trend. If anything, the brand has sold so well, Coors is having trouble keeping retailers stocked. In August, Coors began a test of Turbo 1000, a malt

Domestic brewers are not letting the imports or the 'craft' beers overrun them without a fight. In fact, they point out, the craft breweries have yet to make money.

BEER

liquor, in two markets.

Coors, retailers note, has been aggressive in promotions, especially geared around the four key seasonal events—the month of April, the Fourth of July, Labor Day and Halloween. Its Fourth of July promotion featuring an umbrella gave retailers a chance to sell beer and cross-merchandise other seasonal goods.

In test market now is a unique beer ball filled with Coors or Coors Light Draft beer.

The trend to full-bodied brands is also evident in Anheuser-Busch's limited test of Anheuser Marten, an ultra-premium, heavy, European-style brand. Miller Brewing Co. has its hands full with its extension, Lite Genuine Draft, an item many feel is stealing share away from the number one light beer—Miller Lite.

While light beers control as much as 22 percent of sales, retailers do see a trend to hearty beers. That has many wondering about the viability of what many feel is the next hot trend, the dry beer.

Faith Popcorn, the trend forecasting guru who first cited the couch potato craze, is prepared to put her faith in higher-alcohol beer—despite the current anti-alcohol climate. She reasons that people are ready for something with a bit more wallop.

Japanese brewers such as Suntory, Asashi and Kirin agree, and are moving forward with plans to market dry beers. In Japan, the results have been phenomenal. Dry beers helped Sapporo gain a 38 percent share of the market in June 1988, up from 9 percent in January 1988. It is too soon for retailers to judge the impact dry beers will have, but they do point out that the Miller Brewing Company is examining the area.

Many disagree with Popcorn's assessment of stronger beers taking over consumer demand. Mazzoni says the bulk of the population is the "sugar babies," consumers who like sweet beers.

Instead, many see unique packaging as a wave of the future. Van Munching says the 12-packs have been a value-added boost to his brands. Mazzoni points out long necks have become popular. Domestic brewers have capitalized on that fad—Miller has its long neck Miller Genuine Draft, A-B has done well with its long-neck Budweiser and Bud Light and Adolph Coors recently rushed out long necks for three brands.

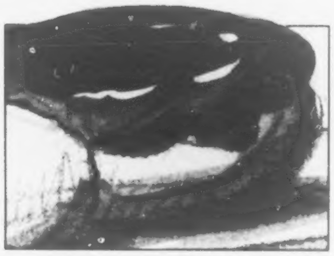
And what all brewers agree upon is moves by retailers to limit the SKUs.

"The shelves are crowded and there will be demands on turns," Mazzoni relates. "And the top 10 brands do 80 percent of the business, the top 20 do 90 percent— you won't see the breadth."

Koch agrees, but he thinks that will be positive for Samuel Adams. "We'll make it through the cuts."

At the same time, retailers say they'll keep looking for the next scorching trend. Already they are picking Chinese beers, Australian formulas and an intriguing candidate—a beer from Italy.

—FAYE BROOKMAN



BAKED GOODS

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oline Fee, the debut of Ritz's Bits was very successful and a Cheese Ritz Bits was recently rolled out to capitalize on that success. Additionally, Nabisco is making a foray into the upscale segment with its new American Classic cracker in four different types.

Another trend spotted by retailers such as those at Kroger Publix and Randall's is a move toward low-salt offerings.

All of Nabisco's major crackers are now available in low-salt formulas. "That gives customers a choice," says Fee.

Freeman at Smitty's says room is cleared for the new entries by reducing facings to the existing items.

Cookie and cracker manufacturers are also looking for new packaging ideas to spur consumption outside of the home. For example, the new Oreo Big Stuff is a three-inch cookie suitable for lunch boxes and travel.

This is in reaction to moves by convenience stores to capture more retail bakery sales. By repacking items into small sizes, suppliers hope to encourage people to buy baked goods to pack in lunches. Nabisco has also repacked Fig Newtons to include an offering of several fruit flavors in boxes of eight. Frito-Lay is doing the same with its baked goods. In fact, its smaller sizes are getting exposure at the checkout, says a company spokesman.

In the bread category, retailers note a move toward whole-grain offerings as well as ryes in all varieties. Even chains outside of metropolitan areas tout various brands of rye. For the most part, retailers are trying to keep the bakery breads and retail breads apart.

"We feel this is the best way to merchandise them," concludes a source at Smitty's.

The debate continues to brew concerning the best location for the retail baked goods—near the in store bakery or within the interior of the store.

Grocery stores remain split on the issue. Publix, for example, places bakeries in the right front of the store. Retail baked goods are several aisles away. Some sources say they separate the departments because of physical limitations. The bakery department requires a great deal of space and usually has to be along the perimeter. Others just feel the departments appeal to two types of customers.

But there are those who feel the departments have a rub-off effect on each other. Cub Foods reserves the last aisle near its bakery for commercial goods. The retailer is not afraid to compete with commercial suppliers; instead, it feels sales are enhanced in both areas.

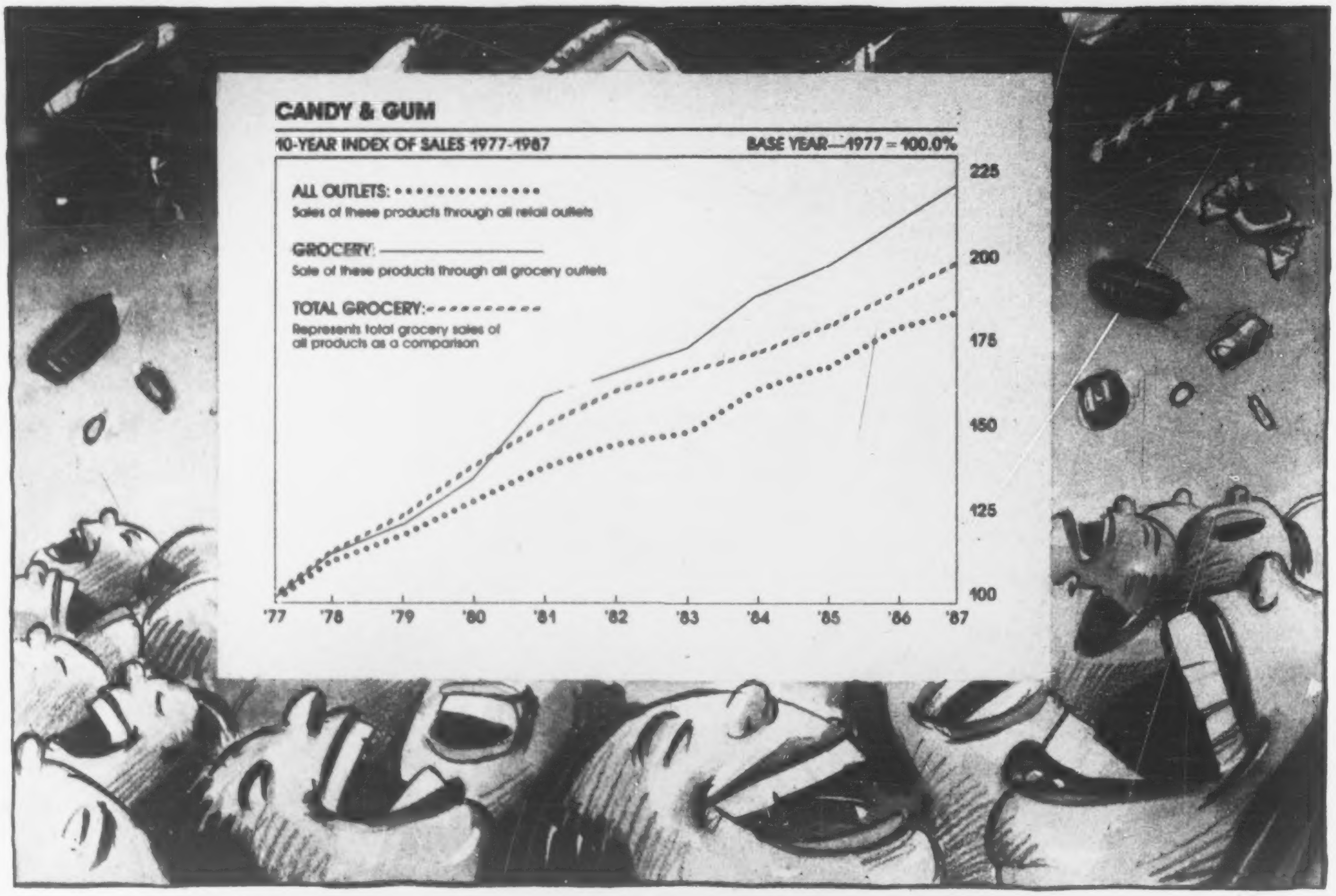
The freshness controversy

Another controversy in the in store vs. commercial baked goods category centers around the freshness issue. Commercial bakers maintain their items are just as fresh as scratch-baked or bake-off goods. "We're emphasizing better stock rotation and we're doing things to boost turns to make sure everything is fresh," responds a source from Pepperidge Farms.

The ultimate decision rests in the consumers' hands. Rondi Stearns, the shopper cornered at Safeway, puts it this way: "I buy the bakery stuff because I believe it is fresher—but it won't stay that way. The commercial goods are packaged so they'll stay longer. That's why I buy both."

—FAYE BROOKMAN

CANDY & GUM



The confectionery industry is breathing new life into its product and promotional programs, to ensure that candy sales will continue to climb.

T*he Honeymooners'* Ralph Kramden wasn't referring to the candy business when he bellowed his trademark, "How sweet it is," but he might have been. Candy sales haven't suffered, even in this era of health consciousness and diet crazes. In fact, today's convenience-oriented, always-on-the-go shoppers have a hefty appetite for confectionery products.

"Even with the emphasis on nutrition today, people still love candy," says Sue Gibson, communications specialist for Schnuck Markets in St. Louis. "There's been no negative effect on candy sales in our stores."

In fact, according to some industry insiders, retailers finally have begun taking steps toward maximizing the potential profitability of confectionery in their stores.

"Most retailers have realized that the key to a successful confectionery department is variety combined with promotion, which means display," says Tom Snyder, senior vice president of trade marketing for Jacobs Suchard/Brach (Chicago). "Supermarkets are taking a more aggressive stance in confectionery because the profit margins are favorable and an enormous part of the business is being done outside the supermarket trade."

Confectionery was previously a neglected category in supermarkets, Snyder observes, but it has become a priority at many major chains. "Many key retailers are reevaluating their philosophies about candy," he says. "They're advertising it more, devoting more space and paying more attention to the seasonal mix and hitting the right quantities."

His company, which purchased Brach about a year and a half ago, is currently relaunching the entire Brach line, improving the product and the packaging to stimulate sales, Synder says. The brand was underadvertised in the past, he notes, so a new ad campaign and consumer promotions are being devised to bring it up to snuff this fall.

For the first time, Brach products will be able to make claims of natural ingredients and guaranteed freshness, he says. The front of the new Brach packaging will display "a bold new look," Synder says, and the back will contain nutritional information for the first time.

The company will also continue to promote its existing specialty brands, including Toblerone, Cote d'Or and Andes, Synder says.

Is bigger better?

Apparently, some consumers believe that bigger is better when it comes to candy, because sales of oversized bars are building, according to retailers and suppliers surveyed. "There's a trend toward the big bars," says Gibson at Schnuck's. "They're selling better."

"We see a trend toward a revitalization of the big bar cate-

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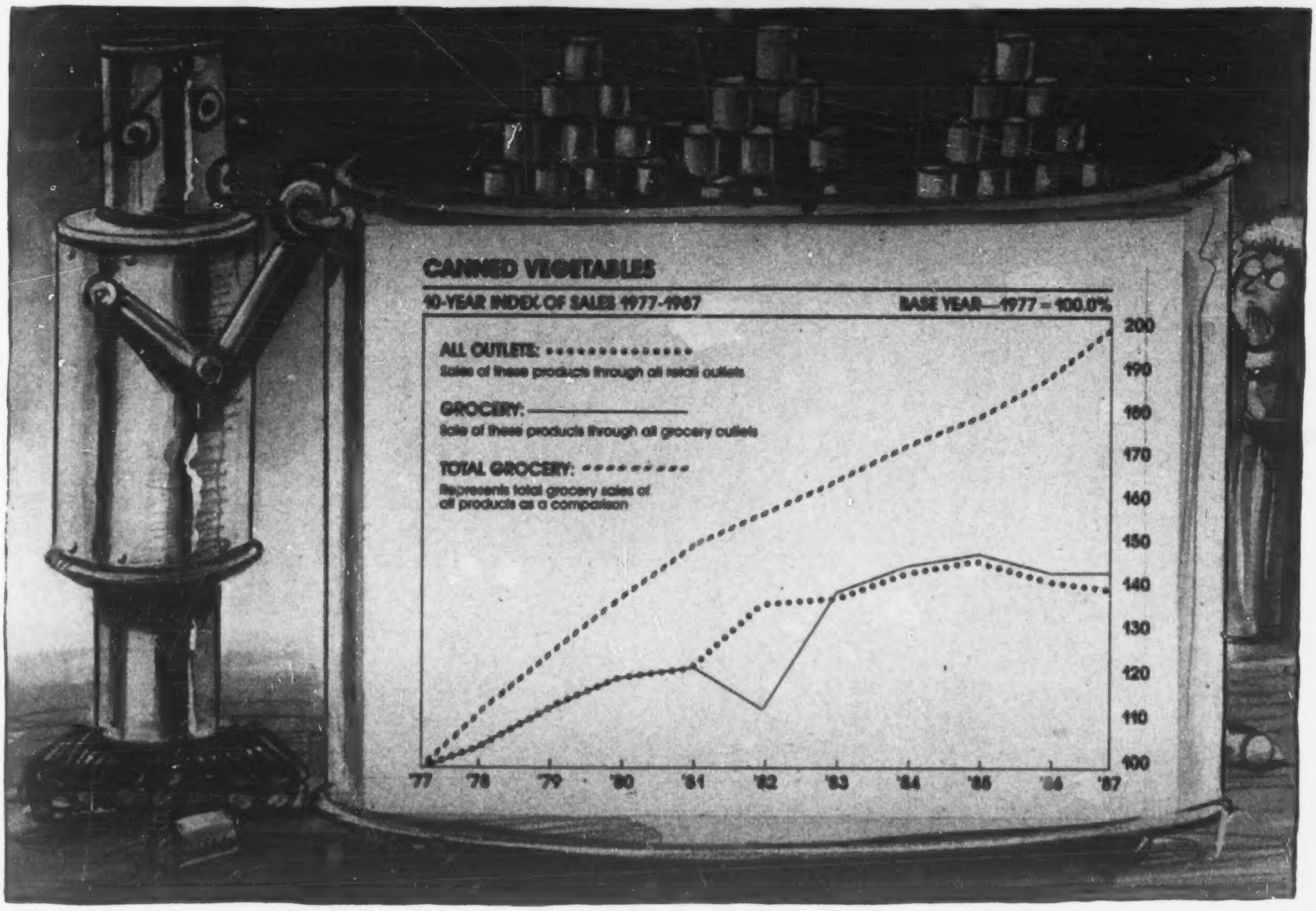


Three-pronged attack launched to improve the image of canned foods; industry optimistic over new process.

If ever a product suffered from an image problem it is canned food—any canned food. In an era when even McDonald's is pushing fresh and nutritional foods, almost anything coming out of a can has an immediate black mark in the minds of many consumers. But help, it seems, is on the way.

That assistance is a three-pronged effort combining laboratory breakthrough in canning science with an ecology-conscious recycling campaign and an overall promotional effort extolling the virtues of canned foods. Finally, the industry says, it has the ammunition to fight back against any suggestions that canned goods—particularly fruits and vegetables—are any less nutritious and esthetically pleasing than their counterparts in other packaging.

Salad Bar Fresh process

If the Salad Bar Fresh process developed by American National Can lives up to its advance notices, in fact, many canned vegetables will be able to attract a segment of the American buying public that up until now wouldn't be caught dead with canned peas, asparagus and the like. "What we are trying to achieve is texture that is close to a freshly blanched vegetable," says Ralph Kaercher, director of American National Can's Salad Bar Fresh program. "We don't always succeed," he adds, though the successes have been far outnumbering failures.

According to Kaercher, Salad Bar Fresh "is an acidifaction process where we are lowering the pH level to shorten the thermal time." By way of example, he estimates that a 30-minute thermal process at 240 degrees for a can of corn is cut to 15 minutes at 220 degrees with Salad Bar Fresh. "Every food has its own degree of heat sensitivity," Kaercher notes, which is why some vegetables have fared better than others under the process. In addition, Salad Bar Fresh can sometimes impart a pickle-like flavor, which is why the company has ruled out such vegetables as sweet peas and corn for now.

"But we are arresting what many people refer to as the carmelized or overcooked flavor that most people associate with canned vegetables," he adds. And it appears that much of the industry shares that view. American National Can says it has signed up an estimated 40 licensees so far, including such canned vegetable powers as Del Monte and Green Giant, as well as many smaller regional canners. Several of those smaller companies have already begun test marketing Salad Bar Fresh products, but the indications are that most major licensees won't join them until next year.

"Anything that can be done to improve the texture of canned vegetables has to be good," says Dick Fink, marketing vice president for S&W Fine Foods (San Mateo, Calif.) He points out that some vegetables, such as broccoli, probably won't benefit from Salad Bar Fresh, "but it could help other, more major canned vegetables:" It also may bring some of the more trendy vegetable presentations of recent years to a canned market that heretofore has viewed peas and carrots as the leading edge. "One of the things we're trying to do [illegible] create new vegetable combinations, says American National Can's Kaercher. "We've done what we call a 'California Mix,' with broccoli, sliced yellow squash, pimentos, red peppers, onions and carrots. You have never seen anything like this in a can."

Targeting Yuppies

That's in keeping with an overall industry determination to broaden the appeal of canned food. "We're looking for things to do to target the 26-to-45-year-old audience—the entire Yuppie generation," says Leslie Heneghan, director of marketing for the Can Manufacturers Institute. "You can't advertise a slice of meatloaf next to a can of peas. It just reinforces the stereotype of canned food."

Based on a random sample of suppliers Salad Bar Fresh may well fulfill the early promise of Continental Can's Veri-Green process, which has endured a bumpy start in the marketplace. That process, which is designed to preseve more of the chlorophyll content of green vegetables, has experienced uneven results, according to several canned vegetable suppliers. "We are not utilizing (Veri-Green)," says Dennis Nerstad, director of container manufacturing for Del Monte. "I know that there have been struggles with the uniformity of the process. It was looked at a few years ago as a very promising process. It just hasn't worked out that way."

Two promotional efforts

But while Salad Bar Fresh provides a boost to the canned vegetable segment of the industry, suppliers of other canned foods will be counting on two more general efforts likely to have more of an effect in 1989, than the remainder of what has been a lackluster year to date. The Canned Food Information Council, following a much more successful Canned Food Month this past February compared with the initial promotion last year, has expanded the 1989 event with a regional organization push. And the Steel Can Recycling Institute, formed in July, expects to begin promoting the ecological advantages of canned goods over plastic packaged alternatives by late this year or early in 1989.

The SCRI is funded by six of the largest steel manufacturers in the U.S., including Bethlehem Steel, LTV and USS, according to Kurt Smalberg, recently named president of the organization. "We're going to do everything that's necessary to get steel cans from the public to recycling plants," he says. The steel industry has already opened up 19 recycling plants around the country that can handle steel cans. Steel, in fact, according to Smalberg, is the number one recyclable material—a fact he expects will prod ecology-conscious consumers to choose foods in steel containers over food in other, nonrecyclable packaging. "The big motivation is the public awareness of the landfill problem."

That will come none too soon from the industry. According to the Can Manufacturers Institute, canned food sales for the first quarter of this year was very much a mixed bag. While sales of canned meat and poultry products were up an impressive 32.3 percent in the quarter, most other categories were essentially flat or down. Seafood was off 9.7 percent, and the soup and other products category was down 7.9 percent. On a more positive note, canned vegetables were up 1.7 percent and fruit and fruit juices were up 3.4 percent.

Aggressiveness the key

There are indications, though, that aggressive promotion can turn that situation around. The CFIC, according to Council spokesman Julie O'Rourke-Well, was able to make the 1988 Canned Food Month promotion everything the 1987 version wasn't: a well-organized campaign that attracted wider retail support. O'Rourke-Well notes that, in at least some cases, the benefits from the one-month winter promotion have endured well into the spring and summer.

"They're still having increased sales as a result of the promotion," she says of the New Jersey-based King's supermarket chain. "That was what was so interesting about King's. That's what we're trying to do on a national scale."

Still, there are indications that consumers will support only so much promotional activity. ShopRite, the New Jersey-based supermarket co-op, has been running "Can Can" canned goods sales since the early 1970s. While Ted Jordan, supervisor for four franchised ShopRite locations, says sales this year were "great," he adds that "they were a touch off the past few years. Can Can is always great, but the last couple of years we've been running half-price sales in the middle of the year. The half-price sales have really cut into Can Can sales. People only have so much room to stock up with."

Many other supermarket chains have turned to half-price sales as a more generic promotional strategy. Schuck Markets, based just outside St. Louis, runs a half-price sale about twice a year, according to communication specialist Sue Gibson, and she adds that the chain has not participated in canned goods-specific events.

Still, there have been some other notable successes at retail, according to suppliers, though several point out that momentum in the canned food business is a fragile commodity. Fruit canned in its own juices or "lite" juice combinations have been a striking success, according to Tom Elliott, general manager of the Pacific Coast Canned Pear Service, though sales gains have leveled off of late. Ironically, Elliot says that in at least one case the Canadian arm of a major supermarket chain has found a formula for ongoing success, though its U.S. parent has so far failed to follow suit.

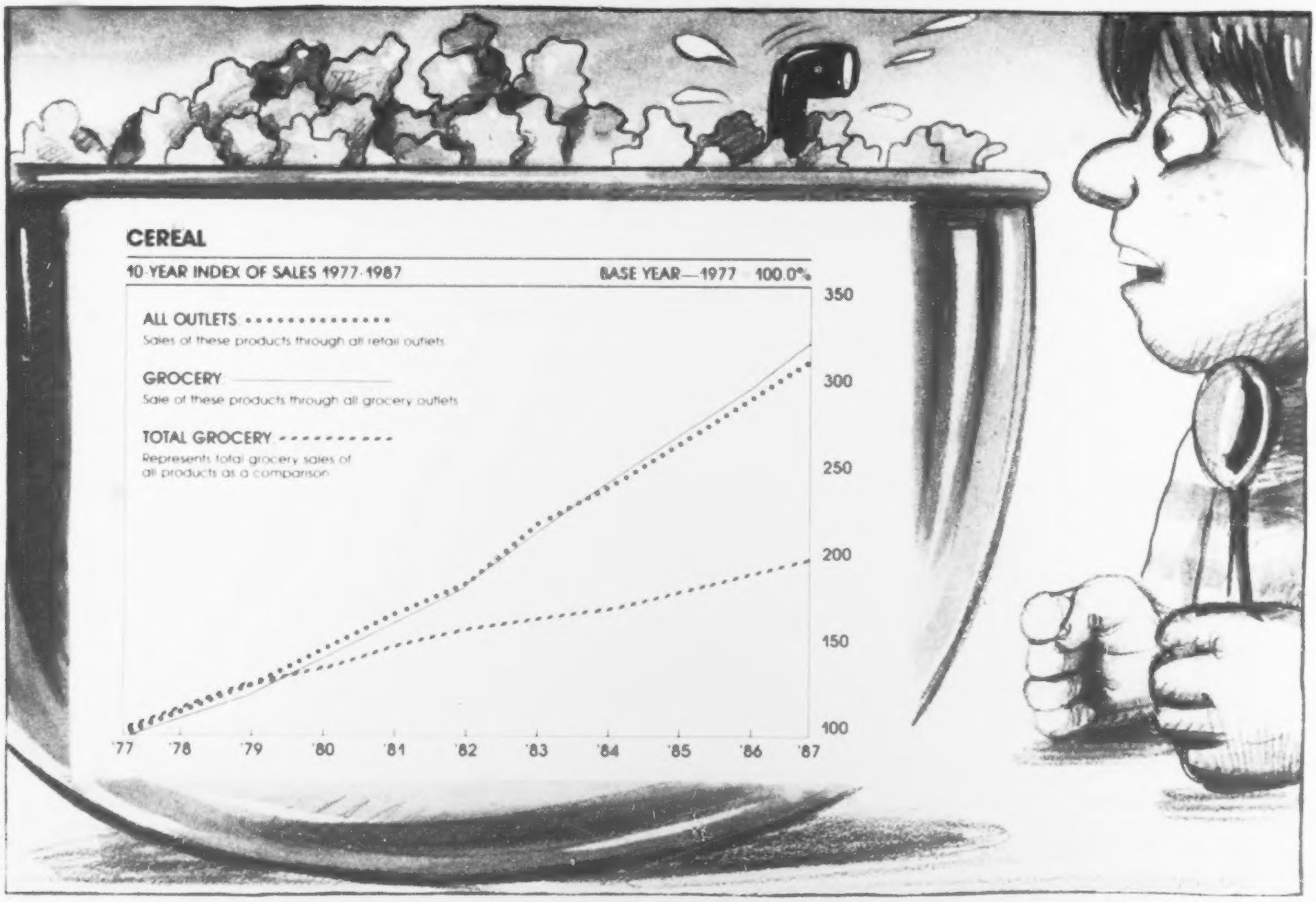
A&P in Canada has begun grouping lite canned fruits in one group adjacent to fruit packed in heavy syrup, according to Elliott, and he says the display strategy is paying ongoing dividends. "It just takes enlightened retailers to get it going." Executives at A&P corporate headquarters (Montvale, N.J.) declined comment.

Despite that, the industry as a whole should exhibit a higher promotional profile for the remainder of this year and into '89. The CFIC, for example, plans to expand on consumer-oriented advertising and promotions, including another Chef's Challenge recipe contest. Still, she admits, "It's a challenge," and notes that in many respects the canned food industry is playing a game of promotion catch-up dictated by years of inactivity. "The canned food industry wasn't talking 10 years ago and the frozen food industry was."

—MARTIN LEVINE

There's an overall industry determination to broaden the appeal of canned food, with Yuppies one of the prime targets.

CEREAL



New adult and all-family cereals now total more than 50 individual lines, with each offering several sizes and packaging configurations.

The nearly $6 billion cereal industry, whose significant growth has been driven principally by new product introductions, began seeing the muscle in its increasing emphasis on adult and all-family products last year. Health and nutrition held the appeal.

The press extended beyond the massive ready-to-eat cold cereal category, also pumping new life and incremental sales into oatmeal products.

In the process, there was a marked decrease in introductions for licensed cartoon character cereals aimed at the Saturday morning primary television viewing audience. It's a subcategory about which one cereal company executive was once heard sarcastically to remark that the cardboard box probably had more nutritional value than its contents.

Instead of opting for such short-term marketing strategies with life spans of not much more than a year, longer term franchises were maintained among the staple children's cereals. Tony the Tiger's Sugar Frosted Flakes represented the number two product from Kellogg's, while Quaker Oats' Capt. Crunch continued to make a solid contribution to its ready-to-eat line. Both cereals have been around the marketplace for well over 20 years.

Moreover, cereal company executives were quick to point out that the all-family segment is designed to be just that healthful and nutritional products with a broadbased appeal to the entire family, including children.

"There will always be a strong market for children's cereals," said Ron Botrell, a spokesman for Quaker Oats. "We have taken the position that in new product introductions we make, we want to be around for a long time. We're not really interested in the faddish-type products. For some companies, there may be short-term profits to be realized, but that is not a strategy for us."

Unmentioned was the potentially beneficial impact — at least for parents — of placing cereal aisle purchase decisions back in the hands of the adult shopper and reducing the incessant youthful tugging associated with the journey down that aisle. Grocers and their planogram departments undoubtedly also breathed a sigh of relief.

"Consider also that many of us had put off having children for awhile," said Kathy Newton, a spokesperson for General Mills. "Now we have children and have to consider providing breakfast as they get older. That, in turn, is bringing more and more adults to consider breakfast for themselves once again.

Little positioning movement

Despite the new trends there was little change in the companies' relative market positions. Kellogg's continued to dominate the ready-to-eat segment with

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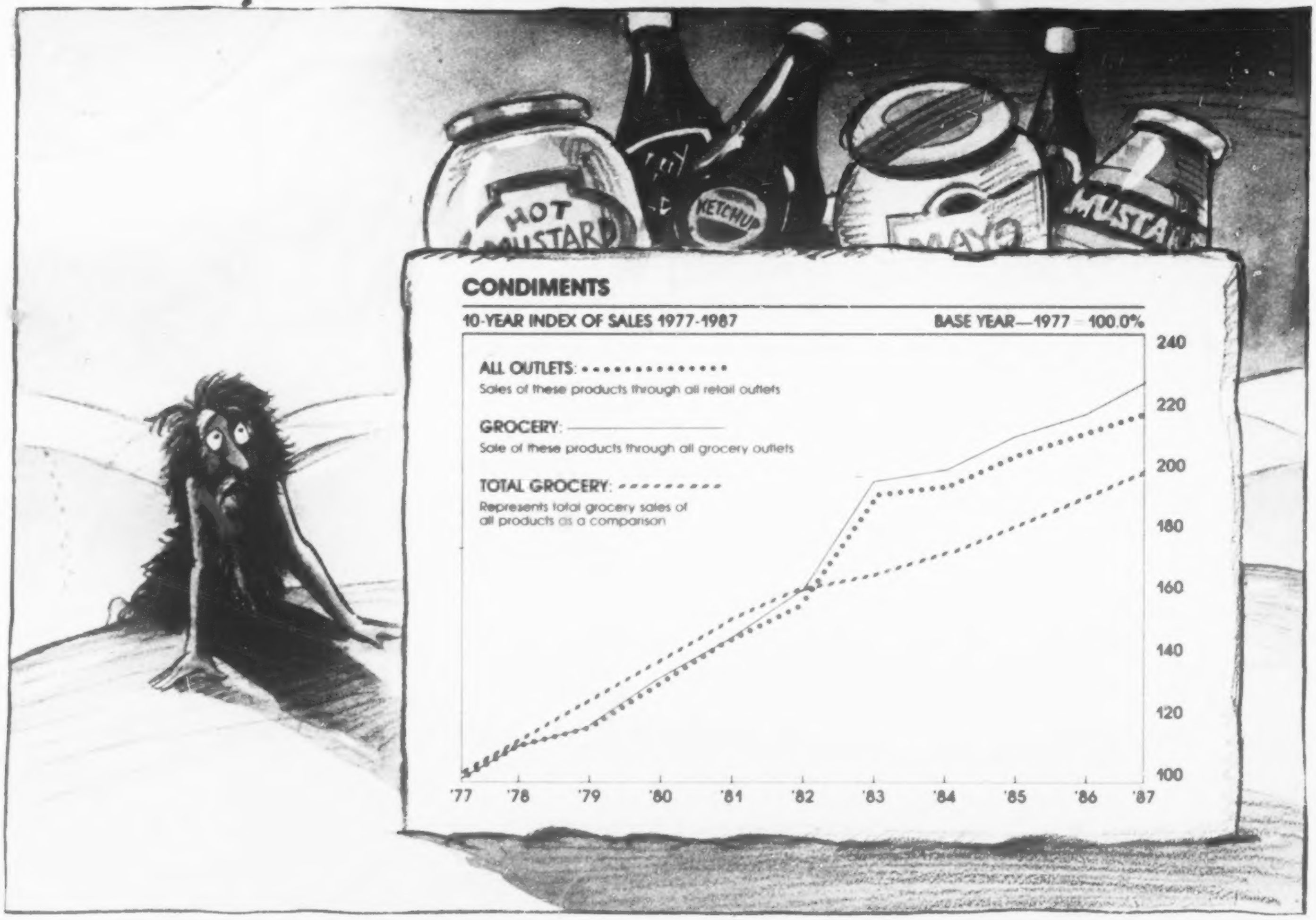
CONSUMER EXPENDITURES STUDY

CONDIMENTS



While spicy add-ons have established themselves firmly in the American palate, they raise a couple of hot questions: How many of the products have staying power, and how large is the market?

It was enough to bring ear-to-ear grins to the faces of beer and soda suppliers everywhere—the continued strength shown last year by Cajun, Tex-Mex, Creole and other mouth-searing regional condiments. But while spicy add-ons have established themselves firmly in the American palate, the nagging question for 1988 is, just how many of those sauces, marinades and the like have real staying power? And just how large is the market?

Most suppliers, over the past year or two, have explored many of the trendy regional cuisines. And while there have been some individual surges and declines, it appears that a fundamental change in eating habits has taken hold across the country.

More appreciative palate

"We believe, and our research has shown, that consumers have an interest in newer regional cooking and more highly spiced foods," says Wade Souza, senior product manager for Lea & Perrins. "The American palate has become much more appreciative of different tastes and cuisines. That's the key for us."

While he declines comment on any specific plans the company might have for Cajun or other regional additions to its signature line of Worcestershire sauces—beyond saying, "We'll probably be testing some things in the near future"—Souza points out that "you have to give people an easy way to cook these foods."

Kraft created something of a stir last year, for example, with its Makin' Cajun kits that included everything consumers need to create a Cajun-style dinner. But while Kraft's group brand manager, Carol Elitov, says the line "did meet some goals that we had," the company has decided against expanding it. Elitov declines to say exactly why, but there are indications that suppliers are oversaturating the market—or at least keeping one too many steps ahead of growing consumer demand.

That's apparently the case in more than one segment of the condiments business. Just about a year and a half after Lea & Perrins went national with its white wine Worcestershire sauce, Souza says sales are "not quite up to our expectations. We thought it would do a little better."

That's not to say that consumers have rejected the variation on the company's 150-year-old steak standby. It's just that the new sauce, designed for fish, poultry and other lighter foods, has encountered more competition than the company envisioned from other major suppliers, including A-1 and Durkee Famous Foods. "It's everyone noting the same exact trends at the same time," Souza laments. "Everyone in the condiments business has acknowledged the fact that beef consumption has declined and chicken and fish are up."

Souza also cites some consumer confusion over white wine Worcestershire, but he points out that consumers are coming back for a second taste far more often than the industry average for a new product. And the company expects sales to pick up in the fall when it resumes its first TV advertising for the line since last year.

Not that sauces, seasonings and other condiments created for lighter foods are about to replace the industry's beef and potatoes standbys. There are indications that in many instances, merchants have squeezed in additional shelf space for condiments, though it is far from a national trend.

"I've heard that it's been going up tremendously," says Lori Shafer, director of marketing for Market Max, a Manchester, Mass.-based consulting firm and developer of computerized space management and inventory systems. But a random survey of chains across the country shows that many of them are increasing condiments shelf space only marginally.

"You just can't fill in empty shelf space anymore," points out Ted Jordan, supervisor for four ShopRite franchised locations in central New Jersey. "Every month there are a half-dozen to 15 new items coming in that you have to find space for." Particularly on the West Coast, those new products can include wine vinegars, a niche staple that appears to be enjoying a rebirth of sorts. That's been the case at the Sacramento-based Bel Air chain, according to company spokesman John Sweeney, who says wine vinegar sales "have picked up this year over last."

Some repositioning likely

It's also likely that some existing products from other suppliers will undergo repositioning through the remainder of this year and into 1989. That's already the case with the Cajun and Mexican barbecue sauces marketed by S&W Fine Foods. "Because we were calling them barbecue marinades, we thought we were limiting ourselves to one season," explains S&W marketing vice president Dick Fink. The company expects to move both products from the seasonal aisle to condiments at retail and pick up incremental year-round business as a result.

Even as companies battle for share in the trendy cuisine categories, the skirmishing in more traditional areas has heated up as well. One example: ketchup, perhaps the quintessential American condiment and the almost personal fiefdom of H.J. Heinz. S&W is attempting to chip away at Heinz's share of its "Home Style" ketchup, and there are indications that other companies are going to be more aggressive as well in taking on the ketchup king.

For its part, Heinz seems content to stick with its standard formula, though the company will continue to market a niche version with onions. "It's for a special user who does like onions in ketchup," spokesman Beth Adams says.

Two new sauces

The two newest Heinz sauces are also being packaged in the same 10 3/4-ounce glass jars used for the company's chili and seafood sauces. "It expands our presence on the shelf," Adams notes, "and maintains a consistent look."

—MARTIN LEVINE

In many cases, merchants have squeezed in additional shelf space for condiments, though it is far from a national trend.

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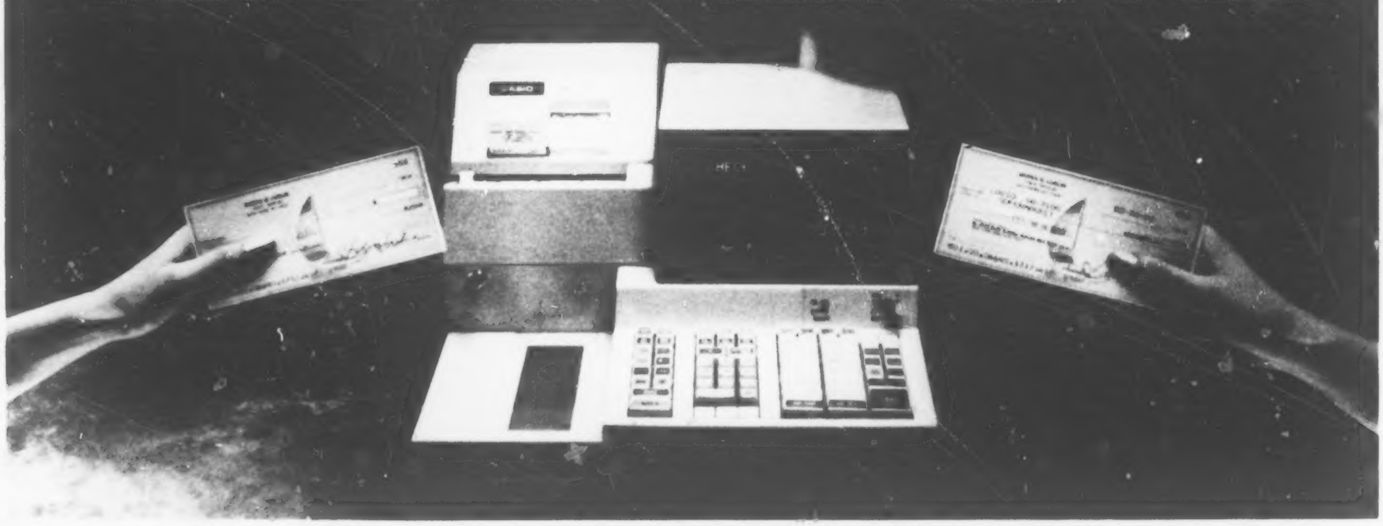

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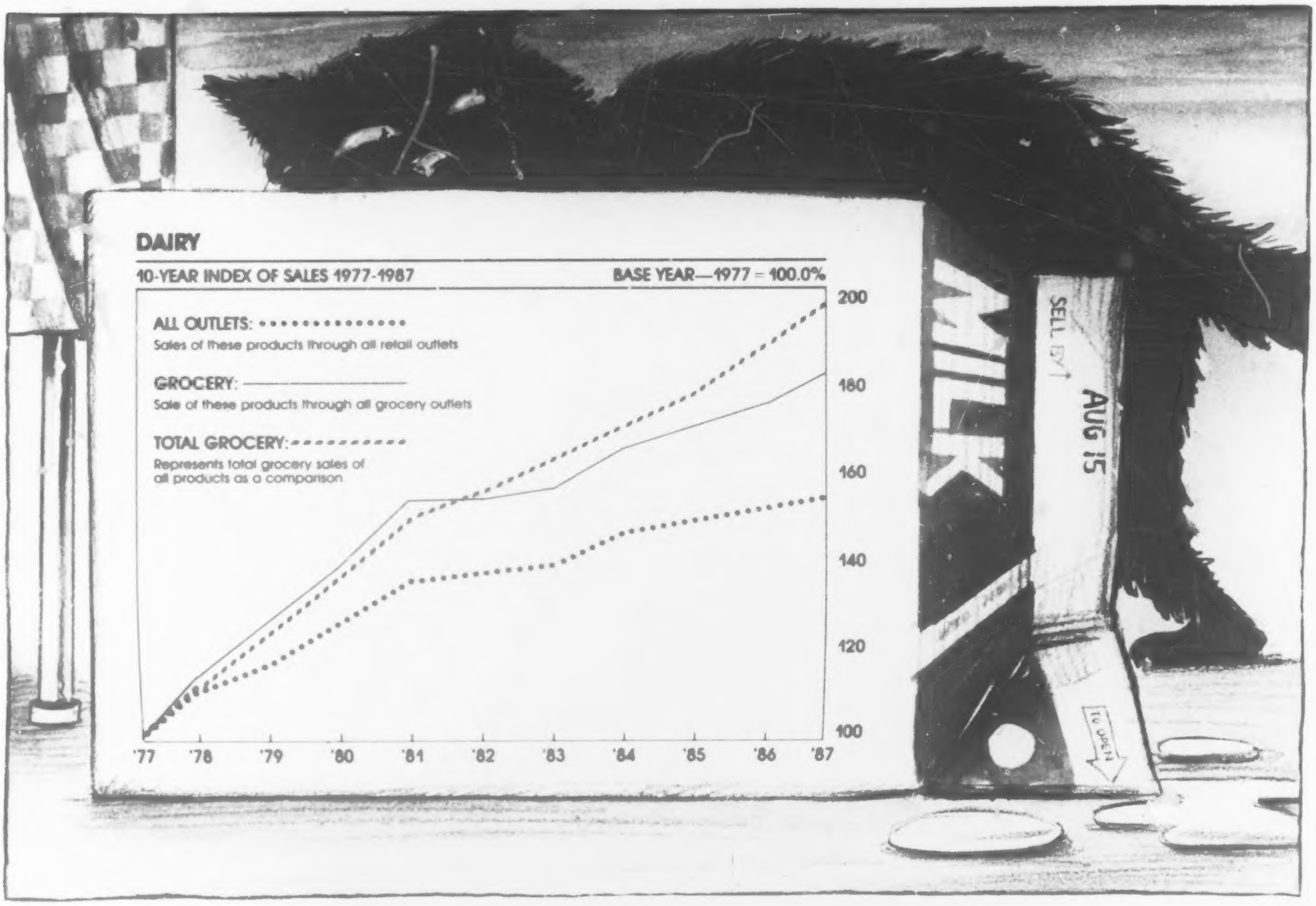

Consumers today are buying dairy products with an eye to good health and a trimmer torso.

When health-conscious Americans work themselves into shape, they don't just rearrange the form of their own bodies, they change the makeup of the nation's dairy cases. While they're pumping iron and achieving pain for gain, consumers are also watching their dietary intake. They want the nourishment of dairy products, but they want to avoid the bugaboos of cholesterol, calories, fat and sodium.

The result has been a radical shift in dairy purchases. Butter and sour cream have given way to yogurt and cottage cheese. The milk-fed look is out unless it's the low-fat milk-fed look. Today's consumer now buys dairy products with an eye to good health, firm flesh and the tapered torso.

"America's obsession with [illegible]h and fitness is having a [illegible]endous impact on the [illegible]re mix of supermarket products," says Mary Kay O'Connor, education director for the International Dairy-Deli Association in Madison, Wis. "Generally, there's a much greater concern for wellness. Employers are much more concerned for employees: A fit body means a fit mind."

Butter sales slip

The health kick is responsible for a slight downturn in the overall dairy category. The National Dairy Board estimates a 10 percent drop over the past four years, with this year's sales about 1.6 percent lower than last year's figures. The chief reason for present market shrinkage is a sharp decrease in butter sales.

"Some think that the decline in butter is based on the price-to income ratio," says a source at the NDB. "But I think the reason is health."

Eggs, too, have seen a steady decrease, mainly because they are branded with the stigma of cholesterol. The United Egg Producers estimates a per capita drop in consumption of three eggs per year from 30 years ago, with today's 250 egg per capita figure likely to drop into the upper 240s during the 1990s.

A boom for low-fat products

But the good news in the dairy case is a virtual boom in low-fat products. The by-words in dairy marketing now are "light" and "natural." Low-fat and skimmed milk now outsell whole milk, and some estimate that by 1990 low-fat will account for 70 percent of milk sales. "One thing we'll see in the supermarket is major growth in low fat and skimmed milk," says Stan Lata, director of corporate communications for Dairy Research, a branch of the American Dairy Association. "People are concerned about getting calcium in their diet, buy they want less fat."

Dean Foods in Franklin Park, Ill., is marketing a low-fact sour cream alternative. And there's been increased interest in lower fat cheeses. Kraft, for instance, just started shipping its "Light

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CONSUMER·EXPENDITURES·STUDY

DIET FOODS

LOWFAT YOGURT

As shoppers get smarter about diet and nutrition, more low-calorie and all-natural foods are being integrated into the retailer's product mix to help them win the war on waists.

Just take a look at all the health and fitness centers cropping up around the country, and you'll see that the U.S. consumer is more body-conscious than ever before. So it's not surprising that foods with reduced sugar, salt, cholesterol, lactose, preservatives and artificial ingredients have been receiving a warm welcome from supermarket shoppers. In fact, low-cal and all-natural products have become staples on many Americans' breakfast, lunch and dinner tables.

Diet foods are "a big, big business," says Jack Taylor, executive vice president of Pezrow Companies, a food broker in Ramsey, N.J. "There's a hell of a market, especially if the flavor is good.

"Dieting is a challenge to begin with," he adds, "so it's a turnoff if a product isn't packaged properly or doesn't taste good." The proliferation of dietetic products including low-cal beer, soda and bread, he notes, gives credibility to the category as a whole.

The Surgeon General's recent warning about lowering salt and cholesterol intake "will be good for the diet industry," Taylor predicts. As consumers become better educated about health-related issues, there will be increased demand for dietetic and natural products, according to Taylor and other industry executives. Also, they say, informational packaging and instore signage will play a greater role in educating consumers about product ingredients and nutritional value.

NutraSweet gets go-ahead

The NutraSweet Co. (Deerfield, Ill.) recently received FDA approval for its no-cal sweetener in six product categories: frozen dairy and nondairy desserts; yogurt-type products with aspartame (the generic name for the sweetener) added after pasteurization and culturing; refrigerated, flavored milk beverages; refrigerated, ready-to-serve gelatin desserts; fruit wine beverages such as wine coolers that contain less than seven percent alcohol, and some ready-to-serve nonrefrigerated, pasteurized, asceptically packaged fruit juice beverages.

The governmental green light "represents the biggest opportunity since carbonated soft drink approval back in 1983," says Cheri Lofland, manager of trade and consumer relations for the firm.

The first NutraSweet product within the newly approved categories to hit retail shelves is Kroger Lite yogurt, a private-label item sold in Kroger supermarkets. Other foods within the six categories will probably be available next spring, Lofland says.

Several frozen novelties, a category approved for NutraSweet use in 1986, were introduced at the Food Marketing Institute convention in Chicago this spring. Eskimo Pie Corp. (Richmond, Va.), for instance, brought out a 140-calorie, sugar-free ice cream bar with NutraSweet in the chocolate coating as well as in the ice cream.

"We've had diet products in limited distribution for years, but there was a significant sacrifice in taste associated with those products," says George Murphy, spokesman for Eskimo Pie. A new television ad campaign filmed in Alaska and special product packaging are being used to highlight the company's "genuine" Eskimo Pie products. The company claims to have originated the first chocolate-coated ice cream bar in 1921.

The NutraSweet Co. has also developed an all-natural fat substitute comprised of natural proteins called Simplesse, which is pending government approval. Simplesse would be used in foods that traditionally have a high fat content, such as soft cheeses, ice cream, yogurt, creamy salad dressings and margarine-type spreads, Lofland says.

The company continues to market its only packaged item, Equal, a tabletop sugar substitute containing NutraSweet, which was approved in 1981.

According to Weight Watchers, a division of Heinz U.S.A. (Pittsburgh), 60 percent of women in the U.S. attempted to lose weight last year. To arm them for the battle of the bulge, the well-known reduced-calorie food supplier recently introduced premium quality lines of low-fat ice milk and French-style yogurts.

The Grand Collection of ice milk desserts includes nine classic and gourmet flavors such as strawberries 'n creme and cappuccino in pint and half-gallon sizes. The à la Française yogurts include nine creamy flavors such as strawberry/banana and mixed berry. Actress Lynn Redgrave will continue her appearances in TV advertising for the company.

Weight Watchers also offers a broad range of other low-calorie products that run the gamut from frozen entrees to desserts. Recently, the company devised a special display rack, referred to as the "central location," designed to display 43 of its dry grocery products together.

The merchandising unit lends itself to positioning within a diet or health food section or as an endcap on any aisle, for improved visibility and convenience. Salad dressing, spaghetti sauce, microwave popcorn and roasted peanuts are some of the items included in the supplier's dry products line.

Stouffer Foods (Solon, Ohio) added several new products to its Lean Cuisine line late last year, bringing the total number of low-cal entrees in the lineup to 28, according to spokeswoman Marguerite Tremelin. The new items include sliced turkey breast in mushroom sauce, baked rigatoni with meat sauce and cheese, szechuan beef with noodles and vegetables, and vegetables and pasta mornay with ham.

While all of Stouffer's Lean Cuisine dishes meet specific nutritional guidelines provided by the American Heart Association and American Dietetic Association, Tremelin says, the company is "continually looking for ways to reduce the sodium and cholesterol content and make the products as healthful as possible without sacrificing good taste."

Mrs. Paul's (Philadelphia), a subsidiary of the Campbell Soup Co., has added several items to its Light Fillets and Light Entrees frozen diet food lines, according to marketing manager Walt Tullis.

Ocean perch and catfish fillets were introduced last September, bringing the total number of products in the Light Fillets line to seven. Light Fillets have about 30 percent less breading than most traditional breaded fillets, Tullis says. Seafood rotini and seafood lasagna are the newest entries in the Light Entrees group, which now comprises a total of nine items.

White packaging is used on Mrs. Paul's reduced-calorie products "to connote lightness," Tullis says.

Kraft (Glenview, Ill.) is currently introducing Breyer's Light ice milk in the Northeast and Midwest, according to spokesman Scott Horn. The company also offers a line of eight Budget Gourmet Slim Selects low-calorie entrees, in addition to a host of Light n' Lively yogurts and cheeses and low-fat mayonnaise, sour cream and salad dressings.

"Natural" vs. "dietetic"

S&W Fine Foods (San Ramon, Calif.) has reaffirmed its commitment to the Nutradiet product line by upgrading its packaging, and developing new flavors for its salad dressings, according to marketing director Jim Rice. While the company's Natural Style line of fruit packed in its own juice with no sugar added has been successful, the Nutradiet line "has not experienced exciting growth," Rice says. "It's just the nature of the business these days. People are more interested in 'natural' than 'diet.'

"There will always be diets that require no sugar or greatly reduced sugar, so dietetic foods are mandatory," he continues. "But so-called 'normal' people who are concerned about their lifestyle, appearance and weight have tended in the past several years to go with more natural foods than something called diet."

S&W's Natural Style products sell best when they're displayed along with the regular generic products in the same category, Rice notes, so consumers can see them and stop to compare.

Here, there and everywhere

But the issue of whether to merchandise diet products in a separate area of the store or to integrate them into displays with regular brands is one with which retailers are still grappling.

Dierbergs (Chesterfield, Mo.), for instance, used to have a large section devoted specifically to diet foods, according to store manager Dale Lauer. But recently, the company changed gears and began to merchandise most diet foods with non-diet foods in the same category, so shoppers can compare prices and ingredients in the aisles.

A 12-foot diet section remains, however, for products "that don't have a home," Lauer says. "Items like dietetic candy, Slender and Carnation breakfast bars, for instance, don't lend themselves to display in the regular section," he says. "People wouldn't be looking for those items in another section."

Stiff competition for space

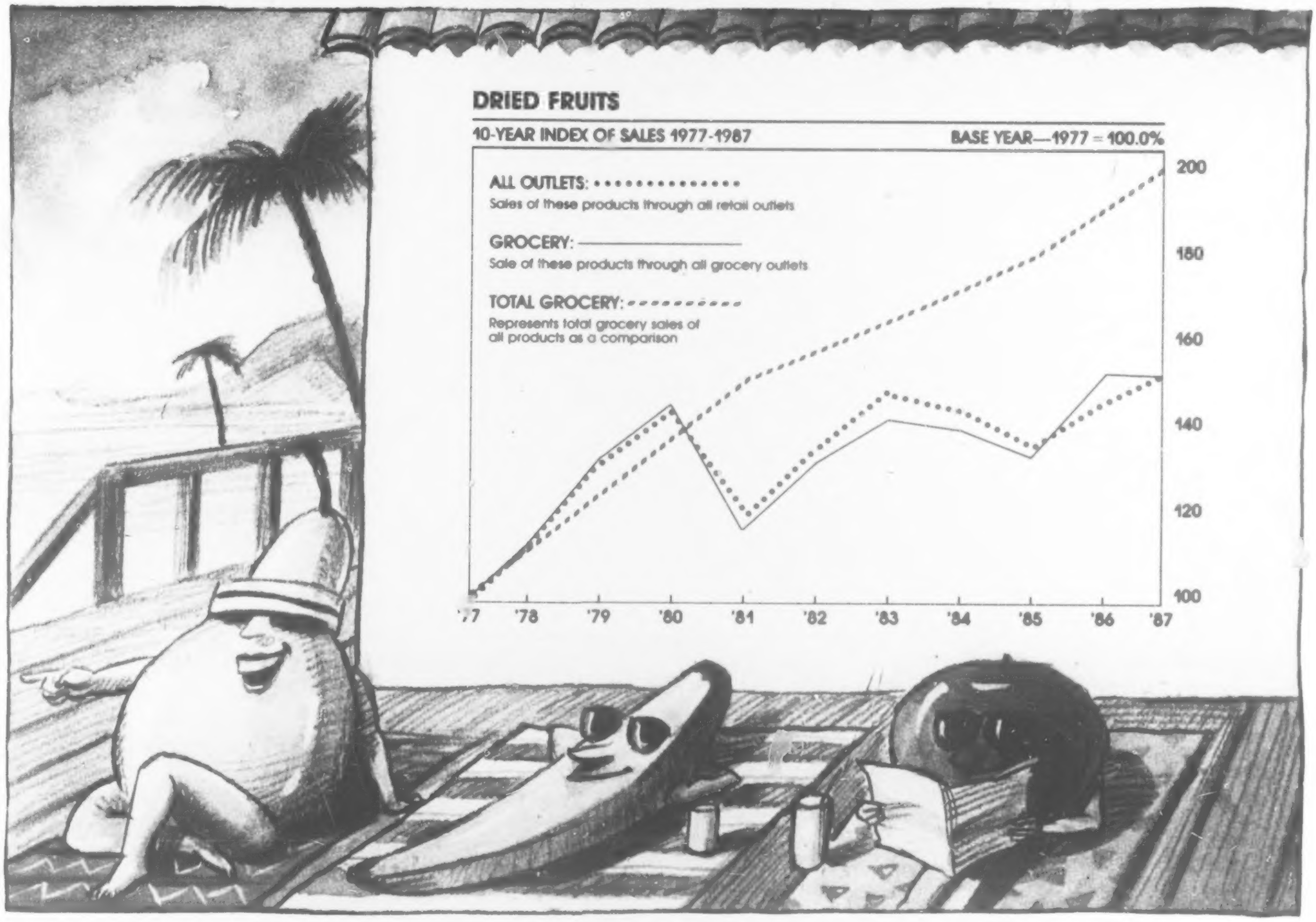
Perhaps even more important to suppliers than *where* their diet foods are displayed is how much total space their products receive in the supermarket.

"There's a lot of competition in this category, so we're all on our toes all the time," says Susan Hanley, manager of product publicity for ConAgra Consumer Frozen Food Co. (St. Louis), which offers 13 items in its Armour Dinner Classic Lite line. "Armour is a long-established brand, but with all the flavors, we don't get every one in the case, and it's a lot harder for a lot of smaller companies."

—AMY LIPTON

To suppliers, how much total shelf space their products receive is even more important than where they are displayed.

DRIED FRUIT



Continued consumer response to ad campaign helps fuel raisin sales, with prunes and apricots following the upward trend.

The march of the California Raisins goes on. Led by the claymation characters that have captured the imagination of consumers nationwide, the climb continues in supermarket sales of the largest-selling variety of dried fruit.

In fact, retail sales have improved for all three leading varieties of dried fruit: raisins, prunes and apricots. According to SUPERMARKET BUSINESS's 41st Annual Consumer Expenditures Study, grocery store sales of raisins jumped in one year from $272.3 million to $294.3 million, a very healthy 8.1 percent increase. Prune sales in grocery stores also sprinted forward: from $94.2 million to $101.6 million according to the current survey, a 7.9 percent jump. The troubled scene for dried apricots brightened marginally with sales at $18.6 million, up from last year's $18.1 million.

All varieties in the dried fruit category posted grocery store sales of $473.8 million, up 6.6 percent from the $444.3 million reported in last year's survey. Raisins, with a $22 million increase in grocery sales over the previous year, led the way, followed by prunes.

Last year Clyde Nef, general manager of the Fresno-based California Raisin Advisory Board (CALRAB) told SUPERMARKET BUSINESS that the growth curve in terms of grower shipments to packers had been pretty flat from 1986 to 1987. That situation has changed. Nef said packers' shipments of all varieties of raisins to retailers, institutions and industrial users have risen by 6.5 percent in the past year. That's reflected in the current Consumer Expenditures Survey, which found that total raisin sales reached $384.1 million. That's $27.2 million more than last year's survey, a 7.6 percent increase.

Among the chief factors that Nef credits for the modest rise in shipments and sales is what he termed "a continued reasonable price situation," which has encouraged growth in demand. Nef pointed out that in the last year the grower price of raisins increased only three to four cents a pound. By the time the product reached supermarket shelves, the price increase was in the four- to five-cent range. In May 1987, Nef said, the average price of a pound of raisins on the supermarket shelf was $1.30. That same pound of raisins cost the consumer $1.33 and 9/10 cents 12 months later. On the industrial side, Nef noted that there has been an increased usage of raisins in cereal products.

Nef also credits the growers' voluntary diversion program, which keeps the total inventory of raisins within the bounds of demand, as another stabilizing influence. In the past year 50,000 tons of raisins were diverted from production under the CALRAB program. Participants in the program are allocated raisins from the previous year's inventory to sell.

Export sales are up 15 percent

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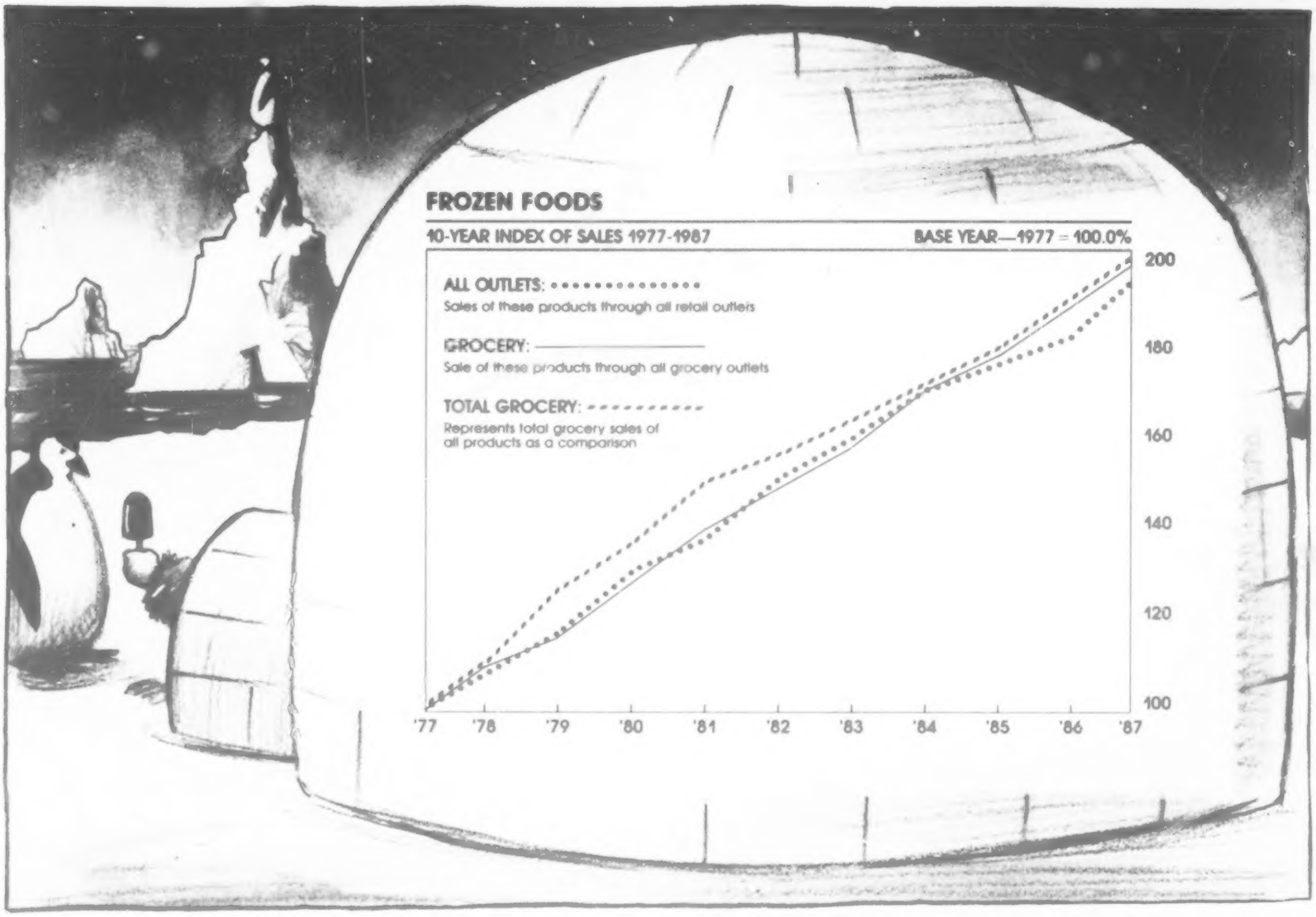


Realizing the need to compete more strongly with eating establishments, the frozen food industry has worked to provide products that taste better and are easier to cook.

With America turning back to its traditional values, eating at home is undergoing a renaissance. The only difference is that instead of slaving over a hot stove, mom is most likely popping a frozen entree into the microwave.

Realizing a need to better compete with eating establishments, the frozen food industry has worked to produce better tasting and easier-to-cook products. These efforts paid off in 1987. After a 0.5 percent decline in retail sales during 1986, the industry registered a healthy 6.6 percent sales increase in 1987 from $18.1 billion to $19.4 million. Supermarkets enjoyed a 4.5 percent sales jump to $14.4 billion.

Frozen breakfasts heat up

Now that consumers have mastered preparing frozen entrees for dinner, many have discovered the ease of zapping breakfast, too.

"One of the hottest areas of growth has been in frozen breakfasts," observes Tony Adams, vice president of marketing for Campbell Soup Co. (Camden, N.J.), which produces frozen foods under several logos. "We're giving fast food rivals competition because consumers realize they can prepare a breakfast in two to three minutes at home."

In particular, he cites the success of breakfast sandwiches. During 1987, Campbell's Swanson brand added bacon to its sandwiches. "Bacon seems to be the number one breakfast ingredient shoppers look for," Adams says. Swanson also reacted to the consumers' demand for value with its Swanson Great Starts, budget breakfasts priced at 99 cents.

SUPERMARKET BUSINESSS statistics bear out the growing demand for breakfast items. Breakfast entree sales soared 18.6 percent, the highest gain within the category.

In addition to sandwiches, frozen French toast and pancakes showed impressive gains with sales climbing up 22 percent.

Mexican sizzles

Although microwavable frozen foods can top fast food breakfasts, it's tough to win against the local Chinese takeout, according to Adams. That has sapped sales of Oriental dinners. Sales dropped 17.3 percent in 1987, according to SUPERMARKET BUSINESS CES statistics.

The real growth in ethnic dishes came from Mexican offerings, with consumer spending rising a hefty 22.9 percent.

"Mexican certainly is emerging as a cuisine Americans are willing to try. We revamped our Patio line (acquired in 1986) to help emphasize it," reports Susan Henley, manager of product publicity for ConAgra (Ballwin, Mo.).

Mexican dishes are also popular choices within Foodway International's Weight Watchers offerings, says Lisa Keithly, assistant product manager. Five new ethnic dishes were added during 1987 to capitalize on the trend.

Campbell has recognized the power of regional dishes and has segmented its operations to better react to local tastes. "Mexican is something we're looking at to execute in certain regions," reports Adams.

But retailers report favorable sales of Mexican dishes across the country. Particularly strong is Pet Inc.'s Old El Paso, a line introduced in 1983 that now has national distribution. Retailers vote burritos as the best sellers in the Mexican arena.

Cajun craze

With crystal balls in hand, leading frozen food producers predict Cajun offerings may be the next big hit. "That's one thing our regional sales force has noticed, and we're looking for areas where this might be strong," says Adams. Keithly at Weight Watchers agrees that the spicy taste of Cajun will tempt consumers in the future. Campbell's Mrs. Paul's got a jump on the trend: it unveiled a Mrs. Paul's catfish last year.

Although Italian is hardly considered a new ethnic taste, frozen food suppliers have seen a spike in sales of Italian foods such as pasta. "There's an Italian restaurant on every corner in New York these days and they aren't the kind with the red and white cloths," observes one source.

Stouffer Foods Corp. got a head start on the nation's passion for pasta. In early 1987 it rolled out its line of tortellini, which company spokesman Marguerite Tremelin says has done "very well."

Hold the calories

The demand for pasta does not mean consumers are ready to abandon diets. Light entrees account for roughly 25 percent of all frozen entrees sold and about an equal amount of freezer space.

Stouffer, which started a new product frenzy in 1981 with its Lean Cuisine, added four more lean entrees in 1987. Weight Watchers targeted consumers' love of Italian delights with a Seafood Linguine and a French Bread Pizza. It also debuted Stuffed Sole with Newburgh.

During 1987, both light entrees and traditional offerings were subject to price sensitivities on the consumers' part. Propelled by Kraft's debut of Budget Gourmet in 1983, value has become the buzzword in frozen foods. With so many duplicate offerings in already cramped freezer space, retailers and consumers have started opting for the value-priced products. Budget Gourmet controls 15 percent of the $2 billion segment of premium frozen foods.

"We're stressing value with our Le Menu, Swanson and Swanson Home Style," confirms Adams. He says the magic price point is the $3-and-under range.

ConAgra is aiming for that market with its new Sensible Chef line, which carries the tag line "Great Food at Sensible Prices." The products are single serve in the $1.59 price range.

Dessert market slows

The frozen dessert market slowed down in 1987. Spending on frozen cakes and pastries declined 1.9 percent. To remedy that slide, suppliers are working on better technology. Pepperidge Farms American Collection of desserts, for example, is stressing its individual size brownies and cheesecakes. The theory behind single serve is that customers don't feel they'd be wasting a whole cake they might not be able to eat, explains a spokesman. Companies are also working on pies featuring dough that will brown in a microwave.

ConAgra, for example, has a new container for its meat and fruit pies. It features a vinyl pan and raw dough that is suitable for microwaving.

According to Henley, roughly 70 percent of all households have access to a microwave. That has caused all companies to highlight microwave instructions on packaging.

While frozen desserts have been lackluster, frozen breads and rolls increased in sales. Once again, sources say, a return to the traditional idea of home-baked bread ignited an 18.6 percent surge in sales.

Frozen vegetable sales are also showing only modest growth, a trend suppliers attribute to the growth of fresh vegetables, which consumers consider to be fresher and healthier.

In fact, a great deal of the space being turned over to the light and ethnic meals is coming at the expense of frozen vegetables. Frozen juices have lost some sales to refrigerated items, especially orange juice, which experienced a sharp price hike in 1987.

The plethora of new products has strained already cramped freezer cases. Retailers say the exorbitant costs of the cases prohibit them from adding more space. The result is a heated battle for prime locations in the cases. Not surprisingly, frozen foods is one category where suppliers say retailers demand slotting, or stocking allowances.

To get around that request, frozen food producers say they strive to unveil unique items, items retailers don't want to pass up.

Innovative packaging is one method. ConAgra, for example, recently restaged its Armour Dinner Classics to feature a microwave indicator strip that changes color when the meal is heated. Its Banquet division added a new flavor chicken, Banquet Southern Fried Chicken. ConAgra is also working on microwave frozen french fries.

Campbell is test marketing a unique concept in the midwest called Super Combos, a soup and hot item that can be microwaved.

Small, regional brands are appealing to retailers with innovative product, too. Companies not traditionally in frozen foods, such as White Castle with its frozen burgers, are also giving the big sources a run for the freezer space.

Some of the moves being made are not purely in the product area. Adams at Campbell says his company is seeking ways to get frozen food displayed in other parts of the store—much like the beverage industry has done.

"We're doing more to excite the customer in the store," says Adams. "We're trying to create new locations for frozen foods such as kiosks along the perimeter that feature frozen goods."

A few locations where he feels frozen foods might work are near the deli or produce. As the frozen food department is now, shoppers often breeze by it, shunning the new and improved offerings. By cross merchandising in other areas, new users could be enticed to try frozen goods, suppliers reason.

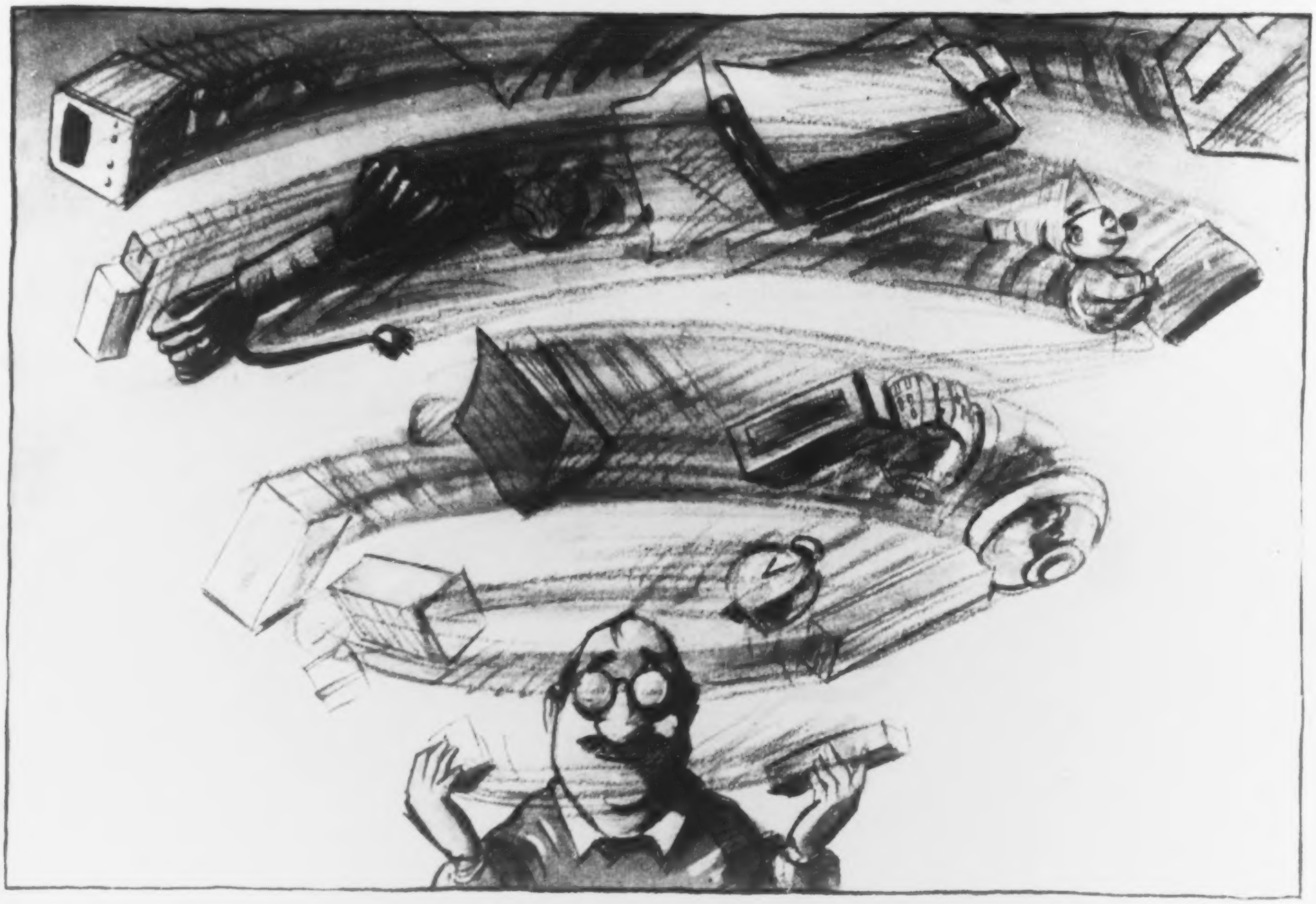
Consumer interest in health has not been lost on the frozen food category. Industry experts expect to see new products launched that are not only low in calories, but low in cholesterol and sodium. One line, Eating Right, is already in the testing stages.

—FAYE BROOKMAN

New products have strained already cramped freezer cases. Retailers say high costs keep them from adding more space. The result: a heated battle for prime locations in the cases.

CONSUMER EXPENDITURES STUDY

GENERAL MERCHANDISE



General merchandise can turn big profits for supermarkets—but only if retailers use innovation and imagination to excite consumers.

You hear the same refrain from virtually every operator: The general merchandise (GM) business is the most profitable area of the store. Video is growing, photo developing is booming and general merchandise creates ideal promotional opportunities.

Unfortunately, though, many operators are reluctant to do more than talk about it. To them, GM has never been much more than light bulbs, batteries, film and pantyhose—in other words, pedestrian items offered as a concession to shoppers, but not as a prime reason for those shoppers to shop there. It's not that they don't want to exploit GM categories; they just don't know how.

"I don't think there's any wave of hysteria about (GM)," says Allen "Bud" Levis, chairman of Allen Levis Organization, Inc. (Northfield, Ill.). "But I think the combination store operators are doing the best job. In most instances they're the ones who are the most conscious of the opportunities. They're doing the best job in display and presentation."

Gradually, the more open-minded operators are thinking of GM in more imaginative ways and are positioning it as an important part of the mix. While the debate rages over whether to segregate or integrate GM, many of the more progressive operators are creating self-contained nonfoods sections, or specialized "boutique like" settings for categories such as cosmetics or books. Or they're adopting more meticulous planograms for GM categories such as kitchen gadgets and light bulbs.

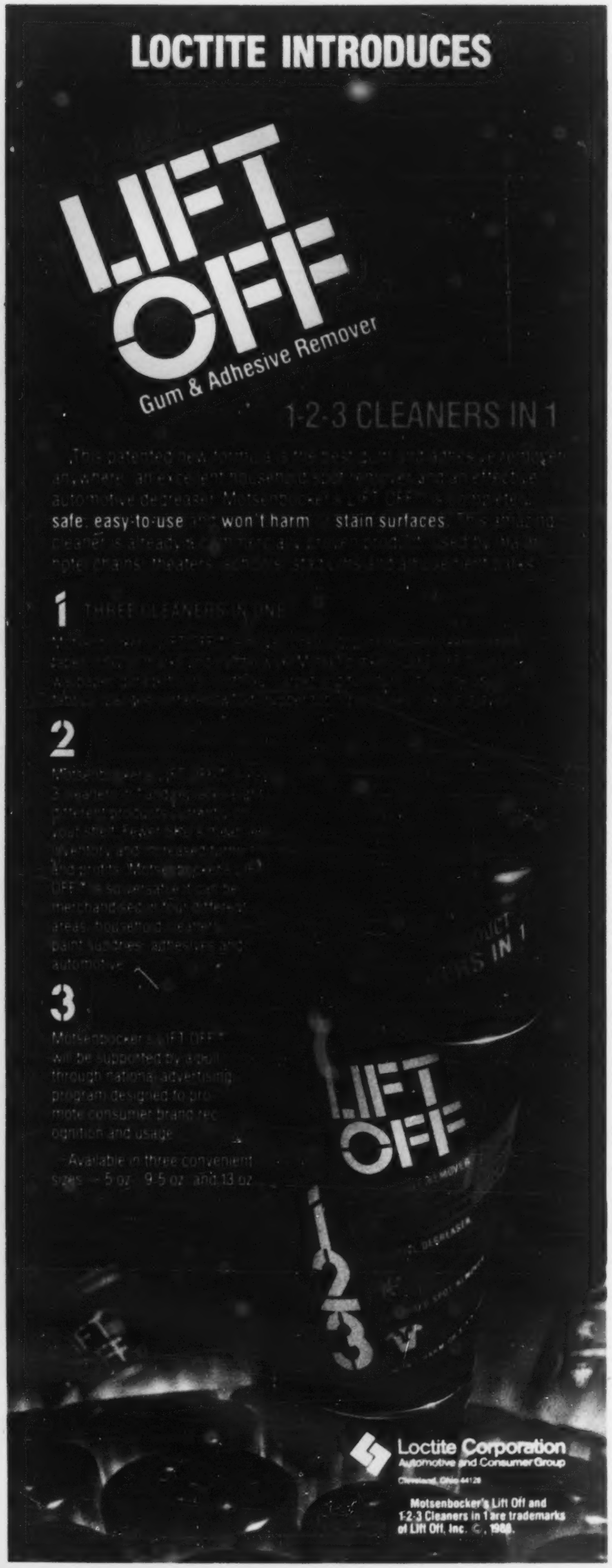
Most productive categories

"You can't make a statement in general merchandise in 15,000 square feet and have it as an integrated department," says Levis. "You have to separate it." What's more, as they give more credence to GM's often high DPP ratings, operators are coming to understand that even slow-turning items, such as cosmetics and pet accessories, can be some of the store's most productive categories when measured in other terms.

As manufacturers begin to adapt packaging to supermarkets' merchandising requirements, and as producers of shelf-managment systems design those systems to account for GM's requirements, fewer obstacles stand in the way of GM's success in supermarkets. Furthermore, nonfoods service departments such as photo developing and video shops are becoming highly efficient profit centers—when given proper play.

ShopRite in Hackettstown, N.J., is a good example of a store that rethought the role GM would play in the store's image and merchandise mix. Management gave a prominent position to GM when the store underwent a $7 million redesign last year.

No longer treating GM as a necessary evil, the store, part of the Wakefern Food Corp. co-op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(Elizabeth, N.J.), created what is almost a GM store within a store. Strategically placed walls direct traffic down aisles containing periodicals, cosmetics, greeting cards and appliances. Shoppers who enter one aisle have to walk almost the entire section before they get to the rest of the store. The store expanded its assortment of high-ticket appliances, including televisions, built a 20-foot-long paperback rack and generally added to the nonfoods mix.

Front and center

In newer Stop & Shop (North Quincy, Mass.) super stores, GM is literally front and center. Stores' center (and usually widest) aisles also function as the main aisle of the segregated nonfoods sections. What's even more striking about the GM aisle is the merchandise mix, which in some stores includes such pricey items as $29.99 area rugs, $29.99 foam-rubber chair beds, and even gas barbecue grills with prices as high as $179.99. The assortment also features lawn furniture, lamps and ready-to assemble furniture.

Besides being dramatically upscale, Stop & Shop's GM department takes an approach to which many supermarkets give little more than lip service. The chain is gradually repositioning its stores as superstores by either expanding existing conventional stores or converting larger stores. Part of that long-term strategy involves bringing in higher-priced general merchandise and advertising it in newspaper ad supplements.

"Not only do you have more specialty food shops within the stores," says a Stop & Shop spokesperson. "You have a greater variety of general merchandise." GM's increased presence, according to the spokesperson, is part of Stop & Shop's goal "to convert to a superstore company."

Successful conversion to a superstore format requires more than just a store expansion or redesign. It also requires a change in mindset, according to Levis. The consultant attributes part of Stop & Shop's success to the influence of Bradlees, the company's discount store sister chain, and senior management's commitment to using similar merchandising approaches.

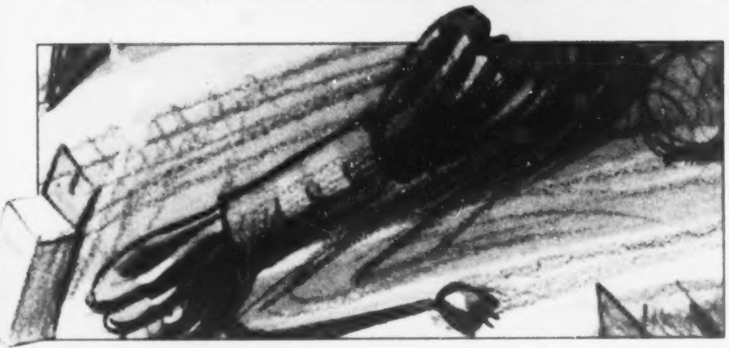
As an example of the GM "mindset" to which he refers, Levis cites Walgreen's, the Chicago-based drug chain, and its recent back-to school program. Back in mid-July, Walgreen stores were replacing summer items in promotional areas with back-to-school items, even though it was some two months before school resumed.

Building sales momentum

Unlike many supermarkets' treatment of stationery, often hidden in a 10 to 15-foot section, Walgreen's was devoting a substantial section of the store to the category. What's more, the chain was committing to the category far enough in advance to build sales momentum over a sustained period—very much unlike the way supermarkets promote GM. Only if it follows that kind of example, Levis theorizes, will a supermarket truly demonstrate a commitment to GM and take advantage of the margin opportunities GM offers.

"You don't find supermarkets doing that," he says. "But they better do that if they want to be in the combination food and drugstore business. I'm a disbeliever in big soft-goods presentation. But when you're talking about school, home and office products for back-to-school, I'm a great believer in giving a promotion aisle real impact. They've got to do what the drugstores have done."

Of course, that kind of strategy is not always practical, especially in relatively small conventional supermarkets. Still, many of those stores are finding ways to exploit nonfoods, particularly in the nonfoods service areas. Avon Big M (Avon, N.Y.) is a 14,000-square foot conventional supermarket that has merchandised its video



GENERAL MERCHANDISE

department in decidedly unconventional ways.

'Movie ticket' books

Brad Furnal, owner of Avon Big M, has become something of a celebrity around Avon, a small town about 20 miles south of Rochester. And it isn't just because he owns Big M. Gurnal has become the local movie critic both on radio and as the writer of "Brad's Best Bets," which appear in ROP ads for Big M's video department. Gurnal has also instituted a variety of promotional plans—such as books of 10, 20 and 50 "movie tickets" that encourage multiple rentals—to keep tapes moving in and out of the video store.

Gregerson's (Gadsden, Ala.), which originally leased a photo developing shop to an outside vendor, eventually took it over when the vendor was unable to meet the store's high standards. Since then, the Gregerson family has learned that photo developing is not only a profitable nonfoods area; it is also an additional way to promote an image of customer service.

Strong video and photo departments, like a strong self-contained nonfoods section, also help project the image of the department-store like supermarket, a concept that is cropping up increasingly in discussions about tomorrow's supermarket. Perhaps the best example of the concept is Kroger's "Store of the '90s" prototype in Cincinnati, which features self-contained "boutiques" throughout the store. Each section is defined by a design or graphic element that gives it its own identity.

The "Store of the '90s" concept is probably more than just a far-fetched experiment. The '90s are upon us, and the idea of self-contained sections, including self-contained sections for GM, will soon be the norm.

—DAN ELMAN

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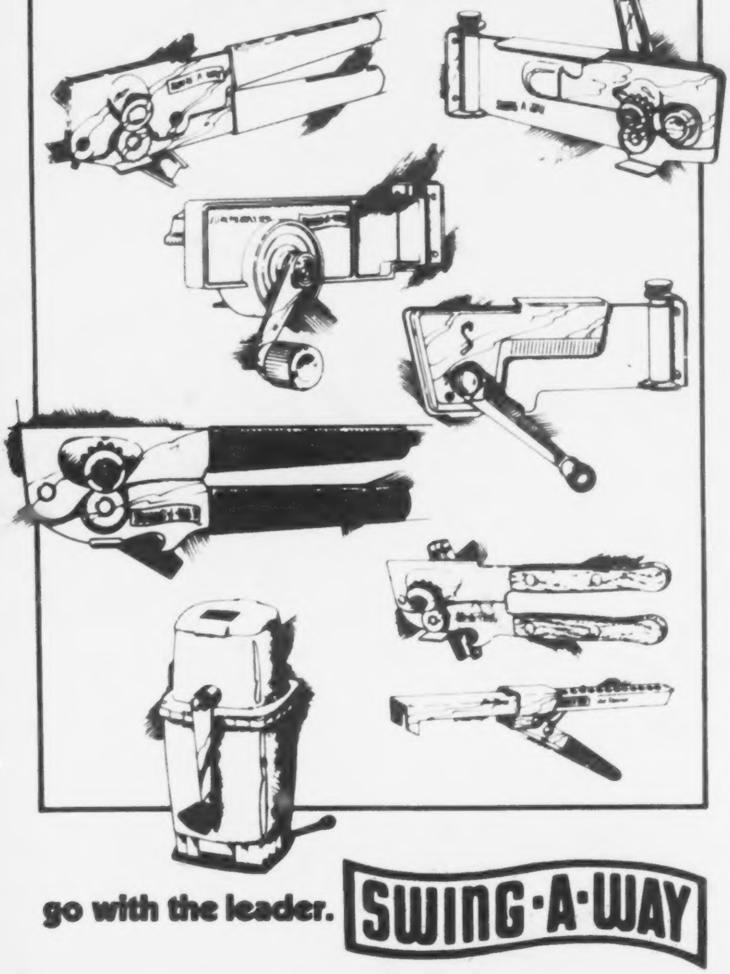

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CANDY

Continued from page 131

gory," concurs Chris Ketterer, national accounts manager for the Hershey Chocolate Co. (Hershey, Pa.), which pioneered the big bar category in the U.S.

Hershey's Reese's peanut butter cups and Kit Kat bars are two of the top sellers in the regular candy bar category. Last fall the company introduced the extra large Reese's bar, and the oversized Kit Kat came out this March. "We're very pleased with the results so far," Ketterer says.

"We're continuing to see wider distribution and excellent growth in king-size bars," observes Whitney Hill, trade relations manager at M&M/Mars (Hackettstown, N.J.). "They're filling a niche for people who want something to consume immediately and want more than a regular portion.

"On a hot day," he adds, "people don't want to buy two candy bars, because what would they do with the second one—put it in their pockets?"

M&M/Mars offers king-size candy packages in four of its top sellers—Skittles, M&M plain and peanut, and Snickers.

The company also has been extremely successful with its Kudos chocolate-covered granola bars, Hill says. The product has been available for about a year and a half and claims the leadership role in the granola bar category, he says. The enrobed (chocolate-covered) granola bar category has been gaining ground over the unenrobed group, he adds, and other suppliers have been upgrading their granola products by replacing cocoa coverings with milk chocolate in an effort to compete with Kudos.

M&M/Mars is currently test marketing a peanut butter snack called PB Max, which consists of a cookie base with real peanut butter enrobed in chocolate. A special process is used to keep the oil in the peanut butter, so it doesn't spread to the chocolate and the peanut butter doesn't dry out, Hill explains.

The product is being positioned as either a candy or a cookie, and is being sold in both departments, he says. "Some people would call it a candy, some would call it a cookie, so we just call it a snack," he adds.

Candy consumption on the rise

Hill estimates that the ratio of chocolate candy sales to sugar candy sales remains relatively steady, at about 67 percent to 33 percent. He also notes an upward trend during the past five years from 16 pounds per capita annual candy consumption to 19.1 pounds, with projections for 1988 at about 19.5 pounds per person.

The company is continuing its promotional tie-ins with Coca-Cola. A sweepstakes that ran from May through August was promoted on Coke products and on all M&M/Mars single candy bars. Currently in the works is a promotional campaign in conjunction with Walt Disney's celebration of Mickey Mouse's 60th birthday in November.

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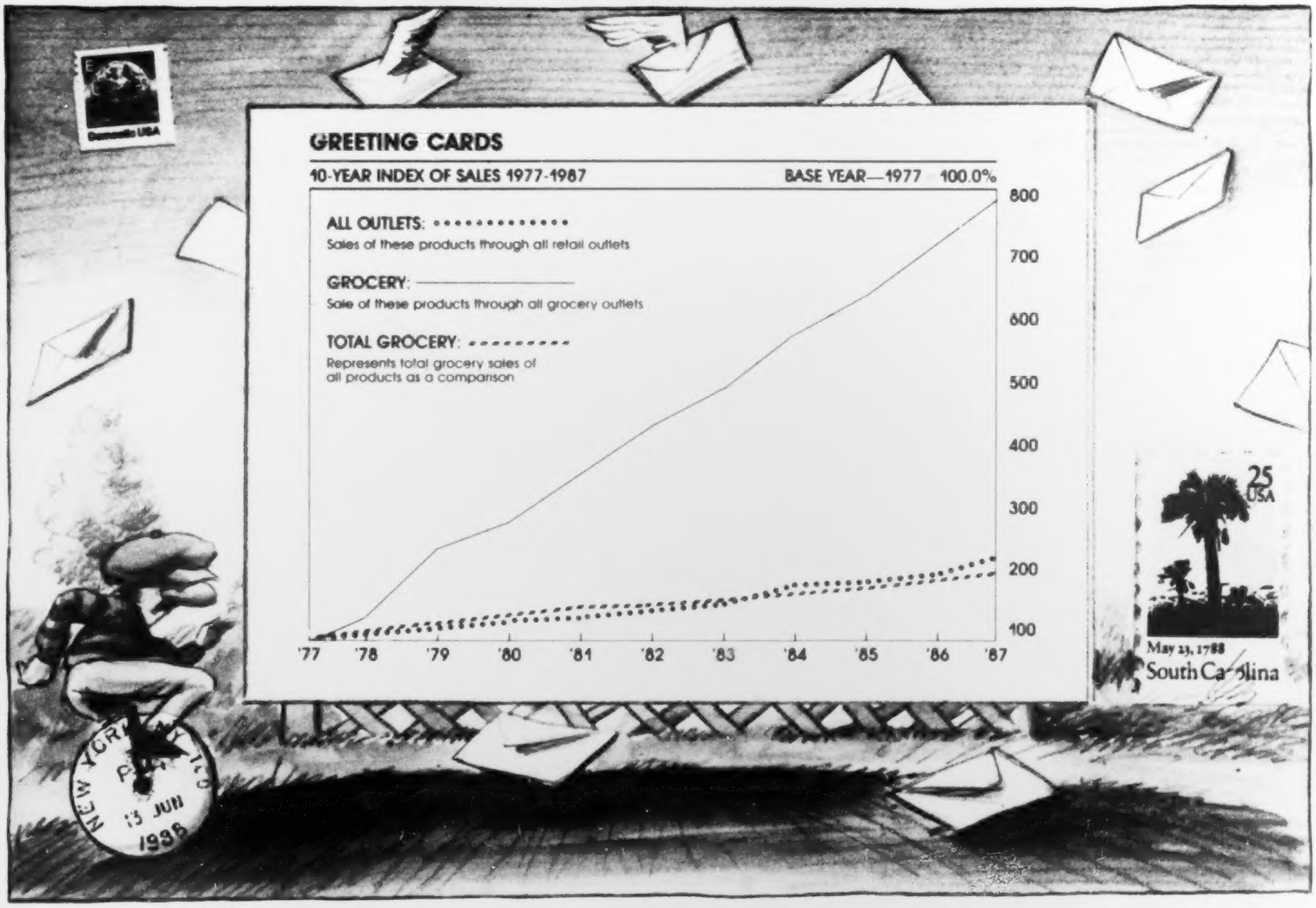

As a high-profit, low-maintenance category, greeting cards offer an alternative to the grocery rat race.

It's not always easy to measure overall performance of greeting cards in supermarkets, since stores use so many different methods of measuring it. Operators were once reluctant to invest a lot of space in the category because turns were so low. If turns are your most important measure, you're not going to like greeting cards.

"Supermarkets looked at the low turn of inventory and said they might turn their inventory only four or five times," says Bob Firnhaber, president of Ambassador Cards (Kansas City, Mo.), the Hallmark division targeted to supermarkets. "Experienced grocers tended to say they were not so sure greeting cards are that good. DPP helped us out in that regard."

Needless to say, DPP is not the only measure stores use to judge productivity. Suppliers do the bulk of the servicing in the card department, so without store labor factored in, DPP numbers might lean toward the high side. Stores rely just as much on sales per linear foot and return on inventory investment to determine greeting cards' real productivity. In fact, part of Ambassador's sales package to retailers includes an actual yardstick that asks the retailers what "yardstick" they use to measure productivity.

Ideal outlets

However the stores themselves measure performance, greeting card suppliers consider supermarkets an ideal outlet for their products for several reasons. Consumers are in supermarkets several times a week, certainly a lot more frequently than they are in gift shops.

What's more, the fact that supermarket shoppers generally aren't in the store specifically for greeting cards could, in a sense, work in favor of greeting cards, particularly alternative cards. Because they aren't tied in with a special day, alternative cards rely more on impulse. A consumer might shop specifically for a Father's Day card, but if a "friendship" card happens to catch her eye, she'll buy it. Naturally, the store she's in the most has the best chance of spurring that impulse.

During the past year, greeting card suppliers have devoted a good part of their energy to enhancing the visual appeal of greeting card displays, thus making it as easy as possible for consumers to pick out a card. Gibson Greetings, Inc. (Cincinnati), has concentrated on designing portable fixtures for displaying cards and tying them in with other merchandise. The company's bag of tricks includes a two-foot outpost display fixture built for cards, gift wrap and party papers. When Halloween comes around, for example, stores move the fixture to the candy department. Intended to supplement, not replace, the main department, the fixtures are made of corrugated paper that can be discarded when the holiday ends.

Gibson has also designed

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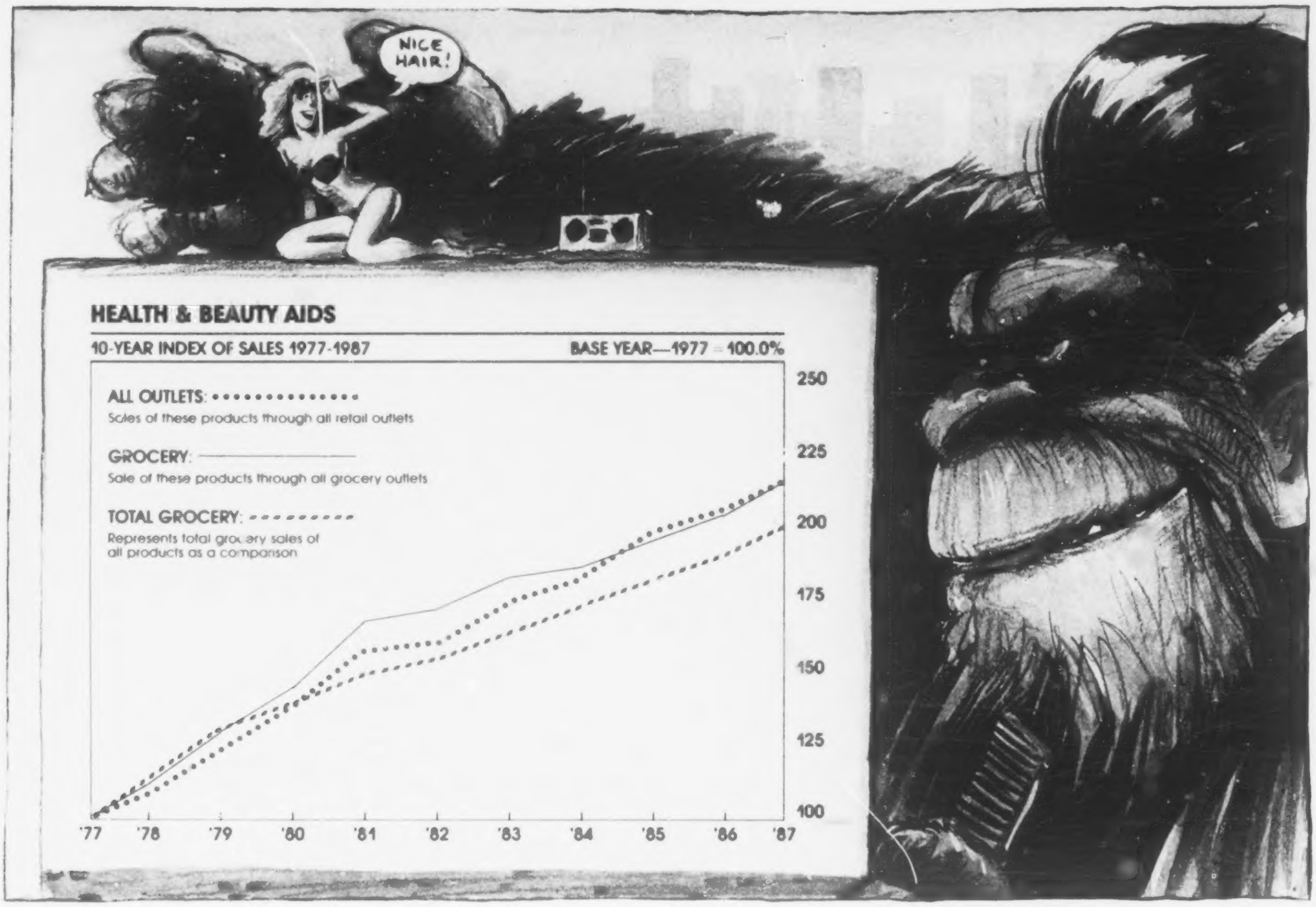
CONSUMER • EXPENDITURES • STUDY

HEALTH & BEAUTY AIDS



Giving HBA more—and better—space adds up to increased profits for supermarkets.

Retailers at the nation's leading supermarket outlets report double digit HBA sales gains. The profit picture is attractive, too. Devoting at least four percent of overall space to HBA can produce anywhere from 20 to 30 percent of gross profits, buyers estimate.

That heady statistic, coupled with the desire of today's time pressed consumer for one-stop shopping, are two factors encouraging supermarket chains to emphasize the HBA department. For some, that also means the addition of a pharmacy.

Chains devoting more space and more SKUs to HBA include New Orleans-based Schwegmann Super Markets. According to nonfoods supervisor Ann Ory, the chain has boosted HBA footage 20 percent in its new prototype. Moreover, the larger department also receives prime retail space in the store.

"In the past, HBA tended to be on the far side of the store near milk and dairy products," Ory recalls. "We thought customers coming in and buying milk would increase sales in HBA. We decided to bring it right to the front where customers start. We're finding it helps sales tremendously."

And Schwegmann was a holdout. Just a few years ago, management was leery of turning over more space to HBA. Now it joins the ranks of chains including Kroger, Raley's, Tom Thumb, Vons and Bashas', who have created HBA departments rivaling that of many drugstores.

These efforts have paid off. According to A.C. Nielsen figures for 1987, supermarkets continued to tighten their grip on the HBA business. Grocery stores controlled 45.5 percent of sales for the 57 HBA categories Nielsen tracks. That's up from 45.1 percent in 1986 and well ahead of the 39.1 percent share drugstores garnered in 1983. Supermarkets really shine, according to the Nielsen figures, in the disposable diaper, dentifrice, mouthwash, internal analgesics, shampoo, deodorant and hair fixative areas—categories that were once the domain of drugstores.

The hottest categories for food store retailers last year included condoms, analgesics, deodorants, toothpastes and hair care. The addition of pharmacies—there are now over 4000 Rx counters in food stores—put a jolt into over-the-counter medication sales (see related story). According to a survey conducted by Safeway, HBA/OTC sales jump as much as 37 percent when a pharmacy is tied into the department. The reason? The respect a pharmacist's recommendations receive from customers.

The presence of a pharmacy was a catalyst behind food stores' impressive gains in the condom category last year, retailers confirm. Chains such as Raley's and Fry's created Family Planning counter displays of

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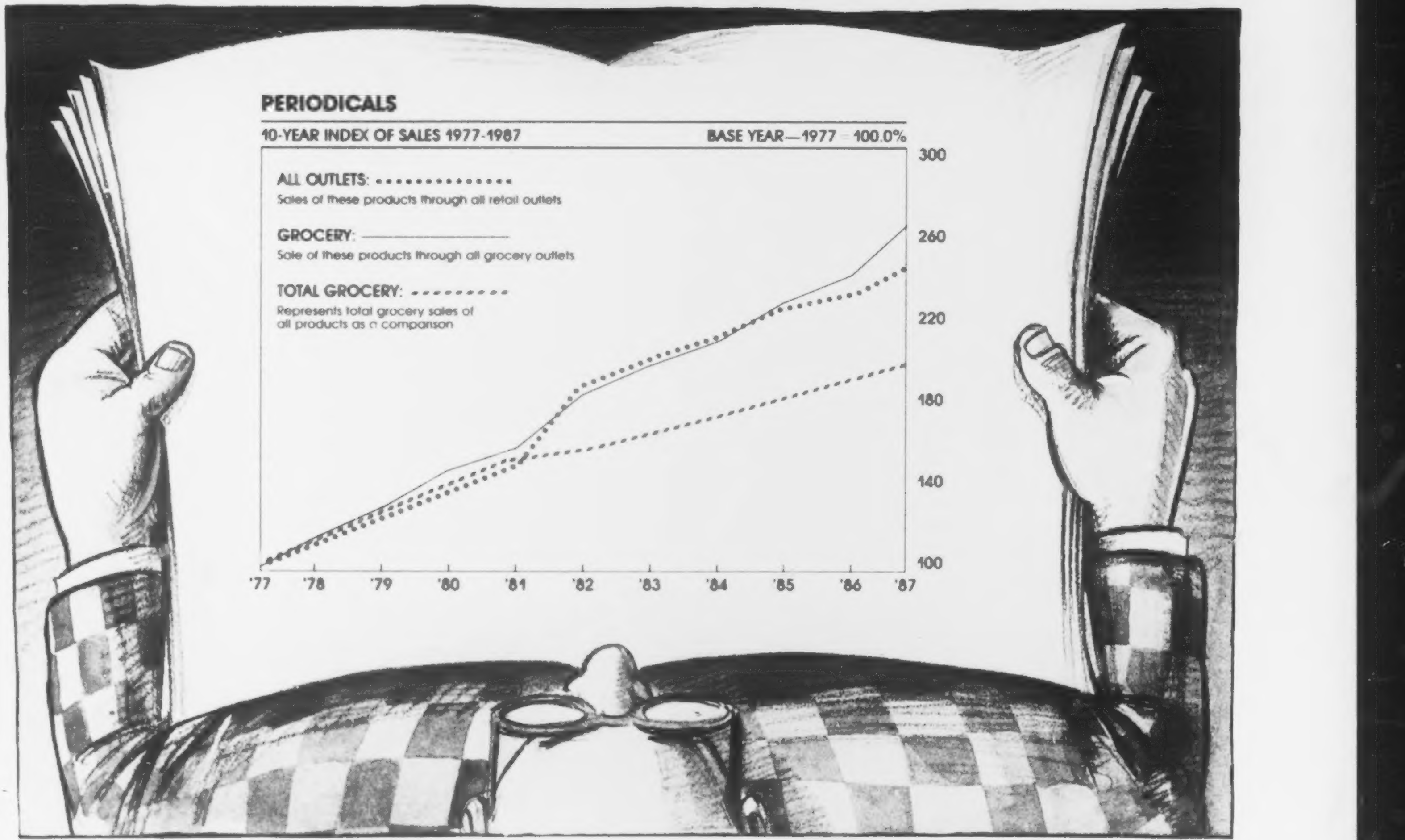
PERIODICALS



Supermarkets are capturing a growing piece of the periodicals pie, as they evolve into a primary environment for sales of magazines and paperbacks.

Even as single-copy sales of some long-popular magazines are declining, the supermarket is emerging as the primary retail environment for periodicals. The reasons are an ever-growing number of new publications on the market and an increased emphasis on promotion and merchandising.

Studies conducted recently by the Touche Ross research firm indicate that magazines have a relatively high DPP per square foot in supermarkets, according to John Harrington, president of the Council for Periodical Distributors Associations (CPDA), a New York City-based trade association for magazine wholesalers.

DPP dollars per square foot for magazines on the mainline is about $4.80, and DPP dollars per week per checkout is more than $300, he says. Total store DPP per square foot for magazines is $2.50.

Magazines, paperbacks and children's books together account for an average of about one percent of a typical supermarket's total sales, according to Jack Fitzmaurice, president of the Periodicals Institute in Fairfield, N.J. Magazines alone bring in about $3.7 billion at retail each year, and about half of those dollars are made in supermarkets, Fitzmaurice says.

"Supermarkets continue to be the major place to sell magazines, and they continue to increase their sales and market share," says CPDA's Harrington. "It's misleading just to look at the top titles, because issue-by-issue sales of the top 200 or so titles may be down, but the number of magazines a wholesaler carries is up to 2500 or 3000, and it's growing yearly.

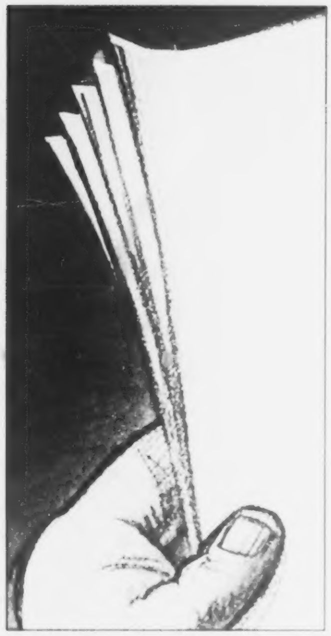
"Five years ago, magazine racks in Ohio looked much like magazine racks in Colorado, but today they don't," he adds. The number of special-interest and regional magazines on today's newsstands has risen substantially in recent years, so consumers have a wider body of titles from which to choose.

"It used to be that you'd find only *TV Guide*, *Woman's Day* and *Family Circle* at the checkout," Harrington says. "Today, the mix at any supermarket is wider than it was five years ago. There are more titles that sell 100,000 to 200,000 copies per issue now, and they're spread out over a wider variety of supermarkets."

Supermarkets have become "the modern newsstands of America," says Jim Mayor, senior vice president of sales and marketing for ICD/Hearst (New York). "They've really replaced the old outlets, downtown office newsstands and street newsstands that used to constitute our business."

About half of all single-copy sales for Hearst magazines, which include such popular titles as *Cosmopolitan*, *Redbook*, *Good Housekeeping*, *Country Living* and *Harper's Bazaar*, derive from supermarkets, Mayor says.

"Like most products featured at the front end, magazines are



PERIODICALS

Value-added promotions designed to spur single-copy sales are becoming increasingly evident.

high-impulse buys that don't appear on most shopping lists, but in the shoppers' minds they know that's where they can get them," says Alex Urban, national retail marketing manager for *TV Guide*, the flagship of Triangle Publications (Radnor, Pa.), which was recently purchased by Rupert Murdoch. *TV Guide* is the top-selling magazine at retail, with weekly newsstand sales of about eight million copies.

The digest-sized *TV Guide* sells "far better" at the checkout than in mainline displays, where it tends to get lost among the larger books, Urban observes. Single-copy sales account for about 80 percent of the magazine's total sales; about 95 percent of those retail sales are at food-store checkouts, he adds.

"Like produce and dairy, magazines are highly perishable," says Urban, noting that most magazines have a shelf life of one week to one month. Issues such as receiving, stocking, billing and returns are similar too, because they require a cooperative effort on the part of retailers and wholesalers, he adds.

Periodicals are unlike most packaged and canned goods, because they change every week or month in most cases, he notes. "It's not like a pack of Juicy Fruit or a can of beans or peas. Magazines, especially weeklies, probably have the fastest turnover of any products a supermarket handles."

Periodicals, confectionery and tobacco together account for the vast majority of products sold at the front end of the supermarket, Urban says.

A key distribution channel

"The checkout counter at the supermarket is an absolutely vital distribution channel for magazines, and it's become increasingly important in recent years," concurs Craig Lowder, a spokesman for *Reader's Digest* (Pleasantville, N.Y.), which boasts a 25 percent increase in single-copy sales for the first half of this year over the same period in 1987. "Five to 10 years ago there was only *Reader's Digest*, *TV Guide* and *Family Circle*, but today there are hundreds of titles at the checkout, so competition for the casual, spontaneous buyer is intense.

"To compete effectively," he adds, "you have to have a good cover that stands out, because you only have about five seconds to get the customer's attention, and that customer may have a cartful of groceries, a small child or two, she may be distracted or hot and tired, or fumbling with a wallet or purse, or on her way to do another errand."

Reader's Digest uses a bold colored band on its cover to highlight editorial contents, including timely material like the tax guide that ran in the February issue. Supermarket sales account for about 75 percent of the magazine's one million plus monthly single-copy sales, Lowder notes.

Help from wholesalers

Retailers interested in beefing up or fine tuning their periodical departments should consult with their local wholesalers, who can offer advice about product mix, fixturing and display, Fitzmaurice suggests. "The wholesaler has a lot of demographic information and knows the kind of magazines that sell in certain neighborhoods and situations," he says. Also, he adds, the Periodicals Institute offers a variety of fixtures and point-of-purchase materials for use in supermarkets.

Most periodicals fixtures are supplied by distributors, so the retailer doesn't have to make any financial investment in displays. Conde Nast, for instance, is currently offering a three-tier, six-pocket floor display that stands about three feet high to promote sales of its fall fashion issues, Fitzmaurice says.

Of course, the retailer may have to invest an employee's time in stocking and maintaining magazine and book displays. "If a fixture is in disarray, no one is going to shop it," Fitzmaurice says. "If someone puts a magazine in a display pocket backwards, that pocket is dead until someone turns the magazine around again."

In many cases, wholesalers or rack jobbers will service the periodicals racks themselves. That's the case at Ingles Markets, a 138-store chain based in Swannanoa, N.C.

With the help of a local wholesaler, the retailer recently began testing a deep-discount program in about 35 of its locations, according to nonfoods merchandiser Phil Taylor. An eight-foot-long rack toward the front of the store carries hardback books on one side, children's books and paperbacks on the other and higher-priced hardbacks on both ends.

Consumers are responding well to the program, Taylor says, because they can buy remainders originally priced at $19.95 for $2.95, for example. If the program continues to be successful, he adds, it will be expanded into additional stores.

Magazines and paperbacks are also available on a 16-foot-long gondola, and there are periodicals stands near the checkouts in all Ingles stores, Taylor says.

Offering extra value

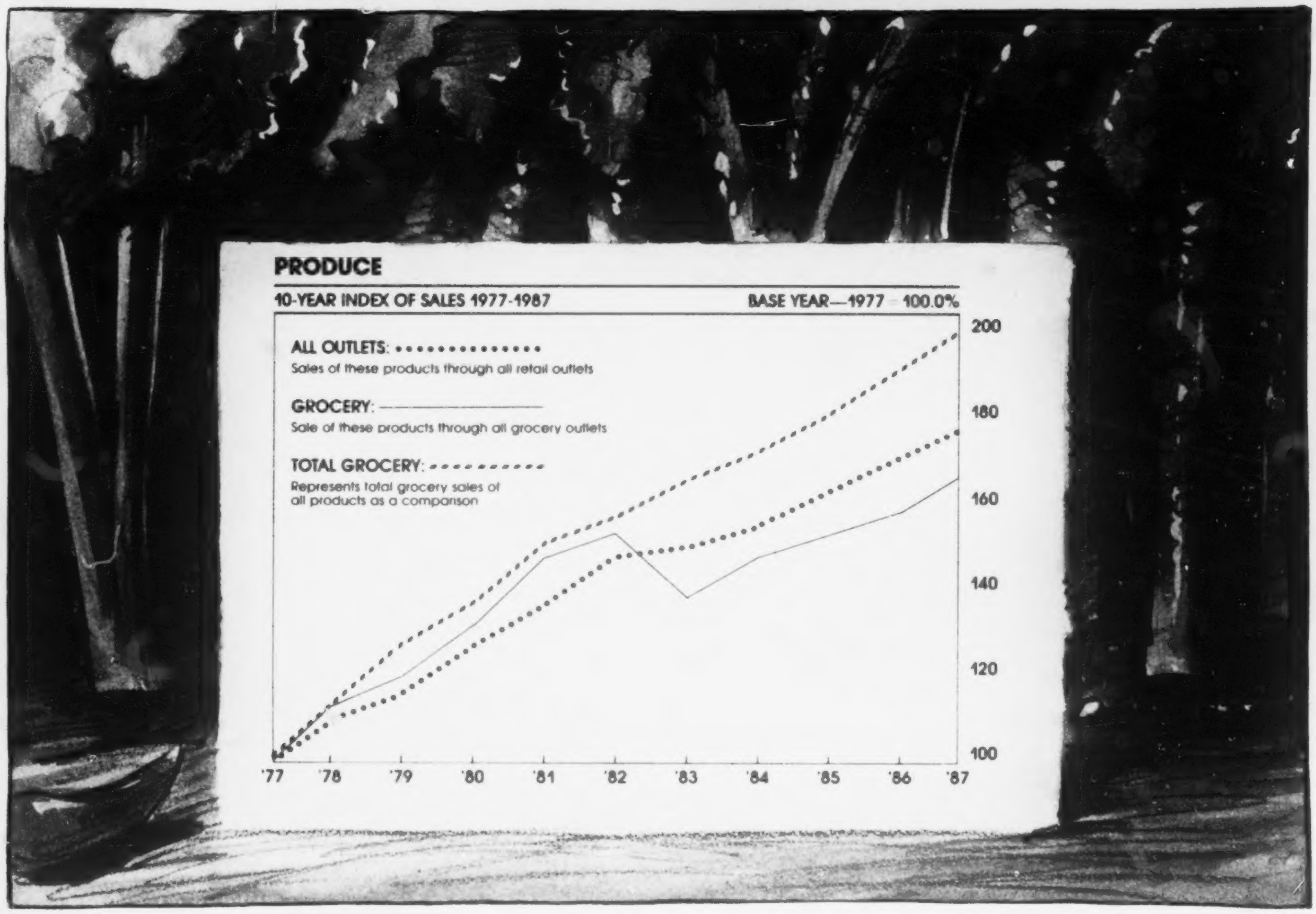
Value-added promotions designed to spur single-copy sales are becoming increasingly evident, as publishers and distributors attempt to maintain or increase sales of individual magazine titles, according to industry observers. In addition to developing new fixtures for the mainline and checkout, some publishers are using cover lines to advertise the value of coupons inside their magazines, and some are offering two-for-one bonus packs in which a current issue is shrink-wrapped together with a previous issue.

Still other suppliers are relying on dual-purpose promos to stimulate sales of their magazines as well as the products advertised inside. ICD Hearst, for example, recently devised a promotional campaign in conjunction with a supermarket chain and a liqueur company that advertises in the company's publications, according to Jim Mayor. The magazine publisher distributor is offering retailers a floor merchandiser containing copies of the magazine along with recipe books for the liqueur. There's also a contest to generate interest in both products.

The company plans to establish similar programs in conjunction with other retailers and suppliers, Mayor notes. "Magazines are offering manufacturers not only a good solid product to advertise their product in—we're trying to help pull their product through, whether it be cold promotions with floor stands or couponing or what have you," he says. "A magazine can serve as a catalyst, providing the synergism to tie the retailer and the manufacturer together in an instore theme promotion. That's where there are some great opportunities, and that's what we're very excited about."

—AMY LIPTON

PRODUCE



Produce departments are becoming upscale attractions as stores feature more exotic—and high-priced—items.

For a department store, the women's department is the main attraction. If the department doesn't consistently present an image of fashion and high quality, the store might as well shut down. The department must educate the consumer about what's in fashion, while continually whetting her appetite for the latest looks. Moreover, it must constantly deliver goods that will satisfy that appetite and keep the customer coming back.

That is exactly what the produce department's role has become for supermarkets.

Food Marketing Institute (FMI) studies have shown that the quality of produce is the most important factor in consumers' choice of a supermarket, and retailers are taking that claim seriously. Stores are expanding the variety of their produce, bringing in some of the more "exotic" items whose popularity is on the rise. Many stores are even transforming the produce section into self-contained produce "boutiques" with lighting and fixtures designed to highlight produce's visual appeal and more exotic, higher-ticket items sold in bulk.

Sounding like apparel sellers

People in the produce business are even starting to sound like apparel merchants, talking about target markets and merchandise presentation as if those merchants were selling the latest designer dress. Like appliance or car dealers, produce suppliers want consumers to "trade up" to higher priced products.

"We see the demographics changing so that disposable income across a wide section of the United States has risen to the point that people will pay if the item is a premium one," says Doug Barker, executive vice president at Sun World (Irvine, Calif.). "Three years ago price points were much more critical for consumers. They'd pass by a 59-cent-a-pound seedless melon and buy a 19-cent-a-pound seeded melon.

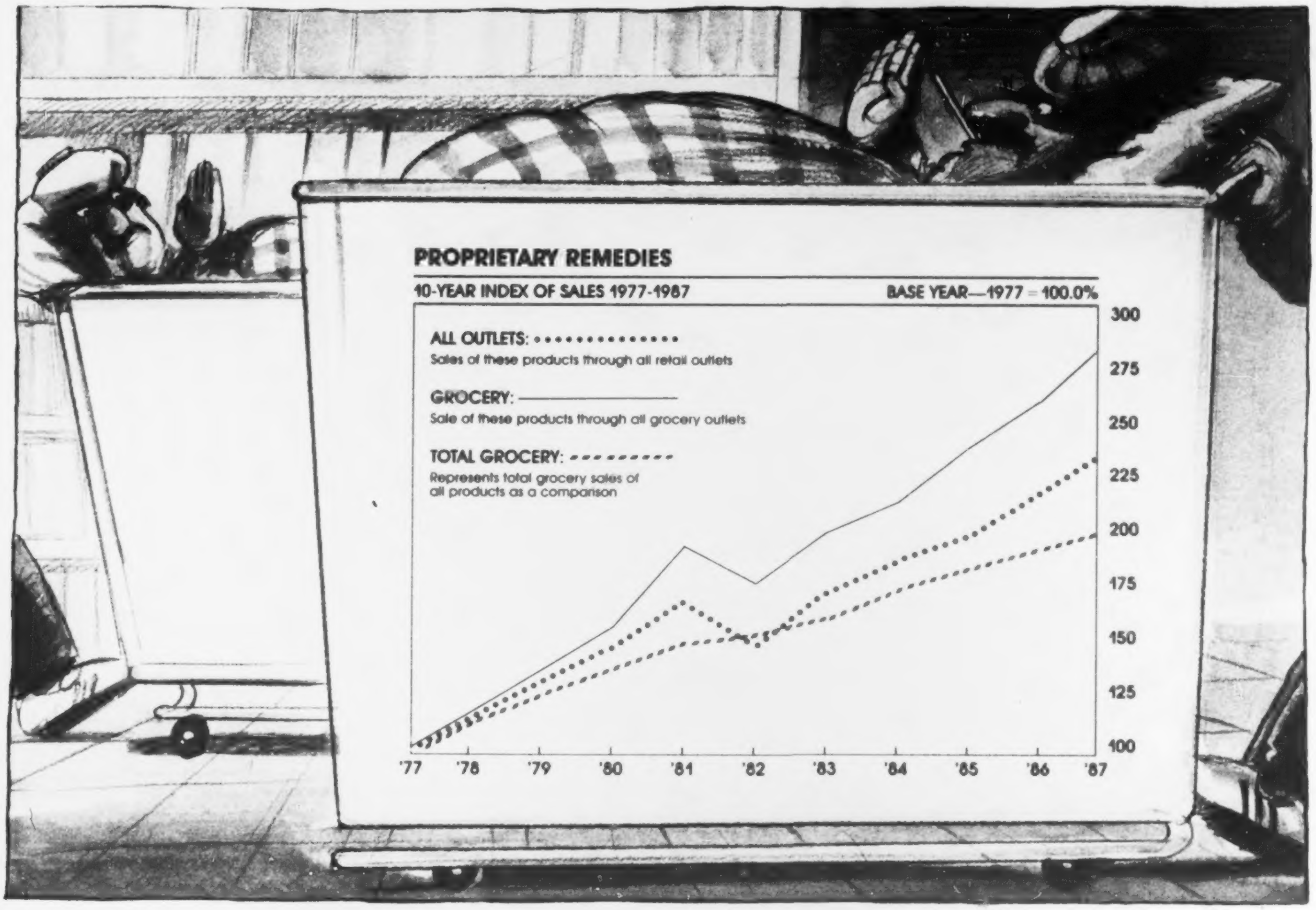
"We're seeing now that consumers want to be unique and different."

Increasingly, stores are playing on consumers' desire for more sophistication—more fashion, if you will—in their shopping carts. Kroger's new "store of the '90s" format, for example, features a glitzy, self-contained produce section complete with neon signage and a mirrored back wall designed to create an "infinity effect," according to Gary Kaiser, vice president/design director for Retail Planning Associates (Columbus, Ohio), designer of the Kroger prototype.

Xtra Super Food Centers (Pompano Beach, Fla.) is another shining example of the newer wave of "fashion" produce departments. The self-contained, 12,000-square-foot produce sections are literally walled off from the rest of the store. The produce department

Continued on page 218

PROPRIETARY REMEDIES



Easier transition from prescription drugs to OTC products helps to drive the market; ibuprofens continue strong showing.

Relaxed FDA regulations that permit easier transition of prescription drugs to over-the-counter sales have continued to help drive the market in proprietary remedies. At the same time, an increasing number of manufacturers are restaging existing products for more effective competitive positions in the market.

The most obvious benefactors of the Rx to OTC trend have been the ibuprofen products introduced over the last two years, company executives said. Formerly available only by prescription, the subcategory initally took market share from aspirin products, largely because of their high effectiveness and mildness on the stomach. But with the help of several medical studies last year, aspirin products regained some of their lost share, after it was claimed it could be helpful in preventing some heart ailments.

Still, the ibuprofens have grown.

Advil, the earliest entry from Whitehall Labs, continued to expand its number one market share in the subcategory last year, according to spokeswoman Carol Emerling. Likewise, Tylenol's Medipren has also increased its market presence in the number two spot.

No aspirin allowed

"No matter how good the reports on aspirin were, there were many doctors who just wouldn't allow their patients to use aspirin," commented Nancy Reagan of Alliance Food Brokerage, Seattle. "Partly as a result, ibuprofen has become a very competitive category with an extensive amount of cross couponing, FSIs, print and television advertising."

In the meatime, she reported, Tylenol was preparing a line extension introducing a new gel-coated caplet, whose slippery coating is designed to parrot the old capsules, abandoned after the last major tampering incident.

Cough, cold and allergy medications are also undergoing large-scale changes, according to Ray Cohen, also of Alliance. A significant direction in that area is being seen with the readying of introductions for non-drowsy medications. Sudafed, from Burroughs-Welcome, is currently one of the only non-drowsy cold medications, but there are rumors that Selydane will be permitted to go OTC as of January 1—a move that could immediately bring others into that market segment, Cohen said.

In the meantime, Burroughs has extended the Sudafed line with the addition of Sudafed Plus with antihistamine, according to spokeswoman Karen Collins. While the company's Actifed line also includes an antihistamine, Sudafed's is a different active ingredient. Likewise, the company has experienced some early success with its introduction of Alleract, an allergy medication, with still a different antihistamine, she said. Fur-

PROPRIETARY REMEDIES

thermore, Sudafed Sinus has also been recently introduced, containing acedomedophin.

Those changes might, at least in part, be designed to ward off a market share incursion by A.H. Robbins' Dymatap and Dymatap Plus, which have been growing in popularity, according to Cohen. Sudafed remains in the number one position, however.

McNeill Laboratories is currently preparing to restage its Co-Tylenol product, coming out with three formulas in the caplet: a non-drowsy, a multi-symptom, which is also available in a tablet, and a cold liquid medication.

Nyquil for children?

In the nighttime cold products category, Nyquil last year introduced its cherry formula and this year will introduce Nyquil Junior, a product directed at children.

"There's some real question about that because it contains 25 percent alcohol and it remains to be seen whether a mother will give that medication to her child. There's a perception that it's a very strong product formulated for adults and no one really knows how parents will react," Cohen said.

The company is also preparing a Cherry Nyquil in a 14-oz. size for introduction later this year, he explained.

A.H. Robbins, meanwhile, will redesign its Robitussin boxes to more clearly differentiate between the three types and more easily define usage for consumers. The new boxes will include sharper graphics and a more readable explanation of what it does. The appropriate dosage will be pictured on the side of the box.

Robbins is also introducing a new family size on its Robitussin DM and Dymatap liquid, providing for 12-oz. sizes in each.

"They want the consumer to have a better idea of which product to buy suited to the symptoms they're showing," Cohen said. "You have to understand that when Robotussin came over the counter, it had a very long and successful history on the prescription side of the business, and they didn't want to lose that image. Now, they've decided to modernize it."

Robitussin, he added, has surpassed Vicks in the number one position by a full 10 share points, mostly through aggressive marketing and doctor detailing, the sales force that calls on doctors to encourage doctor recommendations.

"Generally, what's driving the category is that when people find a product that works for them, they'll more than likely stay with it," Cohen said. "They know they can trust it and they keep going back to it. On the other hand, if they're dissatisfied with any aspect of its performance, they'll be out looking for a different medication next time."

—BRENT FELGNER

NEW YORK
13 JUN
1986

GREETING CARDS

Continued from page 161

outpost fixtures for use in the floral department or the bakery. The latter, with see-through shelves designed to hold cakes, is useful for cross-merchandising cards and cakes for the same occasion. "We're getting additional business outside the card department with the outpost fixtures," says Peter Shapleigh, national director of supermarkets.

Shopping ease is the idea behind Ambassador Cards' new Colorscan merchandising system, unveiled earlier this year. Colorscan groups cards into eight color-coded categories arranged in vertical "color bands." Over each card is a "color cue" that identifies the type of card (e.g., birthday) and whom it's for (e.g., brother). Each category is grouped under a color coded strip at the top of the display rack. Small signs jut out from the display to catch shoppers' eyes as they walk the aisle.

Besides making it easier for consumers to pick out the card they seek, Colorscan is also designed to promote impulse sales, since impulse-driven non-occasion (alternative) cards are merchandised near occasion cards. The system is also designed to simplify restocking, since the rack is restocked according to color.

"We have seen a shift in the peaks and valleys in the selling system," says Dale Todd, executive director, national accounts, at American Greetings. "Once the supermarket retailers begin to recognize the category, they'll allocate the necessary space and location to the department. And the consumers recognize that the store is in the greeting card business and has the selection they want."

Having become strong channels for greeting cards, supermarkets are also featuring extensive assortments of greeting card suppliers' complete party goods and other accessories. "As departments expand and get in excess of 100 feet," says Todd, "you get into things like candles, party goods and stationery."

The fact that the profile of the greeting card purchaser has not substantially changed in years is by no means disappointing. On the contrary, that it remains a traditional industry is probably the surest sign of its health. It would be hard to think of an easier product category for supermarkets to merchandise and sell profitably.

For one thing, greeting cards' gross margin—50 to 60 percent—not only dwarfs those of grocery items, but also far surpasses gross margins of most other general merchandise categories.

A trouble-free product

Greeting cards are also a relatively trouble-free product to assort and merchandise properly. Since the card suppliers supply fixtures and regularly update and restock the product assortment, supermarket operators have to do virtually nothing but keep the display neat. As the vice president for nonfoods at one Southwest chain remarked, "It's a supplier-driven business. It doesn't turn the way groceries do, but if you're talking about a 50- to 60-percent item, you don't have to turn it that often."

Because greeting cards virtually merchandise themselves, stores are willing to give them the kind of space that suppliers say is crucial to getting the most out of the category. It's not uncommon for a large store's greeting card display to stretch past 100 feet, offering cards for any occasion, along with the alternative card that can be given any time. All that might help explain why supermarkets' share of the overall greeting card business has risen from 10 percent in 1980 to 16 percent in 1987—a 60-percent increase, according to one industry estimate.

—DAN ELMAN

DRIED FRUIT

Continued from page 142

over last year, the result of heavy advertising in the United Kingdom, West Germany, Denmark, Korea and Taiwan. Nef said that "thanks to targeted export assistance funds [from the U.S.] we were allowed to do meaningful advertising in those markets." In Finland, Sweden, Norway and Japan, however, the rate of growth was flat. In the European market, Greek and Turkish raisins provide serious competition. South Africa, formerly a factor in Europe, has been pushed out of many areas because of government trade sanctions. In Taiwan and Korea, however, the South African and Australian products have undersold the California product in the institutional and industrial market.

Back home, the California raisin industry continues to ride a trend in consumer eating habits toward out-of-hand snacks and "natural foods" by keeping consumers aware of the California product. To that end, CALRAB's advertising budget continues to grow. With the bulk of its advertising on national TV, CALRAB spend $8.7 million last year on the dancing "California Raisins" created by Foote, Cone & Belding (San Francisco). This year CALRAB will increase the budget for that campaign to $9.7 million and debut a new dancing raisins commercial.

CALRAB's promotional plans are also based on the California Raisins theme. Last month (August) marked the start of a live California Raisins touring show. By the end of the tour on Sept. 25 the show will have visited supermarkets and malls nationwide. The tour also includes banquets hosted by CALRAB for brokers and their retail clients. About 15 of these regional affairs have been scheduled, at which CALRAB will tell the trade what it plans in advertising and promotion for the coming year and preview a new ad campaign.

Point of sale displays will be encouraged by a contest with prizes going to the retailers who make the best use of the display materials supplied by CALRAB. Last year a similar program attracted 2200 retailer participants. Another success from last year was the "Name the Raisin" contest. This effort netted 310,000 consumer entries that went onto a direct marketing mailing list for merchandise and a California Raisin Fan Club.

Nef said that licensing the California Raisin characters has yielded a modest bonanza in licensing fees and plenty of additional exposure for the California product at the licensees' expense. There are California Raisin games, coloring books, blackboards and collectables. Hardees is repeating a California Raisin figurine promotion this year after the previous summer's version succeeded so well that the fast food chain ran out of the 15,000,000 dolls in stock. The California Raisins are here to stay.

For California prune growers, the past year proved to be bountiful indeed. Total sales, according to the current Consumer Expenditures Survey, went up 8.1 percent over the previous year's mark to $294.3 million. Optimum growing conditions made the 1987 August-September harvest time the biggest in 49 years for growers, who brought in a fresh crop of 228,000 tons of fruit to be processed. An average crop is usually in the 145,000-ton range.

This mammoth crop was one of the principal engines driving an increase of 13 percent in sales to packers, according to Richard Peterson, marketing director for the California Prune Board (San Francisco). Despite the 138,000-ton increase in the fresh crop, Peterson said, "Prices have held up very well, thanks to an increase in demand."

The high-fiber fruit

That demand was stimulated by a continuing advertising and market program, the other engine driving the sales increase. Peterson said the Prune Board's program was designed to position prunes in the mind of the consumer as the "High Fiber Fruit." He added that the Board continues to create High Fiber Fruit advertising, sales and promotional materials providing the 16 major packers a marketing umbrella under which they can tailor their own campaigns.

Since October 1987, the Prune Board has conducted a campaign of local spot television advertising in nine local markets: Wilkes Barre, Pa., Philadelphia, Pittsburgh, Jacksonville, Tampa, Miami, New York, St. Louis and Kansas City. Four-color print advertisements in *Reader's Digest* and in such women's service magazines as *Family Circle*, *Good Housekeeping* and *Ladies' Home Journal* have reinforced the high-fiber theme. In all, the Prune Board spent $3.3 million to tell consumers that prunes are a good source of fiber.

The other goal of the campaign was promotional, recognizing the fact that prunes are a product bought mostly on impulse by the target market of women age 45 and over. To get these consumers to make an impulse purchase, Peterson said, the quality of the point of sale display is critical. Since October, the Prune Board spent $800,000 to continue a series of regional contests rewarding retailers for the most attractive and imaginative instore displays.

This year the Prune Board plans a national television advertising campaign. The local spot ads are being discontinued in favor of network buys on daytime programs and network evening news shows. Hal Riney & Partners (San Francisco), the agency which created the ads for the local outlets, is producing the national spots. The campaign, which is set to begin in October and end in April, is budgeted at $4.75 million. But as the TV dollars rose, the sales promotion budget was cut back to $600,000. This reflects the continuation of the display contest, but the end of a display contest for prune juice.

A weak U.S. dollar has helped in maintaining the line against foreign imports. Peterson said that California prunes still have, in dollars, approximately a 98 percent share of the U.S. and Canadian markets.

Overseas, results have been mixed. In Europe and Japan, the weak dollar has kept the price of the U.S. product competitive against regional product, most notably French prunes. Also, the Prune Board has been aggressively marketing the product in the four Scandinavian countries, Spain, Italy, the United Kingdom and West Germany (Belgium is being added to the marketing plan this fall).

But the mammoth crop—which means a smaller average size in terms of individual fruit—has hurt the U.S. product in Europe, and especially in Spain and Italy, where the larger grades are preferred. This has kept sales at fairly even levels for the year to date in Europe, according to Peterson. On the other hand, Japanese sales are up 13 percent over the previous 12 months thanks to a strong

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The California raisin industry continues to ride a trend in consumer eating habits toward out-of-hand snacks and 'natural foods.'

SAMI UPDATE

HBA Products Continue To Record Gains During June In Dollars And Units

Increased volume is registered in all product groups except shaving needs, with skin care aids and oral hygiene products showing the biggest gains.

BY ALAN MILLER JR.

Once again health and beauty aids sales performance have exceeded the trends in each of the other supermarket product departments.

During the four weeks ending June 17, 1988, HBA food store units sales rose 4.2% over the corresponding period a year ago, while retail dollar movement was moving ahead 8.2%. On a tonnage basis refrigerated foods came closest to matching the gain rate of HBA items, with a four-week poundage increase of 2.9%. Refrigerated foods also came in second with a dollar gain of 5.4%. The weakest department in both dollars and tonnage was dry grocery, where nonfood had gains of 4.0% and 1.9%, respectively. The grand total dollar gain in all 475 categories tracked by SAMI amounted to 5.2%. In these same categories the unit volume gain was 2.8%.

HBA categories also fared well in drugstores nationally in the 54 markets combined. Dollar sales rose 8.5% and units were ahead 6.3%. There was only one product group—shaving needs—with a loss rate vis-a-vis the June 1987 period. The highest rate of gain for product groups was 10.3% in the case of skin care aids. Thirty-four product categories were on the plus side of the ledger and 18 had losses, topped by a 14.0% drop for cream deodorants. The highest category gain rate was 63.8% among feminine hygiene deodorants.

In the baby needs product group three of the four categories recorded sales declines, but the 14.4% increase among baby oils, cream and lotions was sufficient to erase the losses of 4.8% for baby powders, 12.1% for infant clothes and 0.3% for nursing supplies. There were no important new products among baby needs to help bolster sales. The best gain rates were achieved by Johnson & Johnson's Desitin and Baby Magic Rich 'n Creamy in the baby oils, cream and lotions category and Caldesene among baby powders.

Two personal deodorant categories had decreased unit sales in the 28 days ending in mid-June—sprays, which fell 3.5%, and creams (as previously mentioned), with a loss of 14.0%. Right Guard, Dry Idea and Suave gained volume as well as share in the spray deodorant category. Among roll-ons there were major increases for Lady Mitchum, Lady Speedstick and Real, while Arrid Extra Dry Glide-On rose importantly as national distribution was achieved. The gains in the stick deodorant category were shared among a number of brands including Secret, Dry Idea, Suave, Right Guard and Lady Mitchum.

Each of the leading brands of cream deodorants fell behind last year's levels. Shower To Shower gained share in the deodorant and talcum powder category, while the strong performance in the feminine hygiene deodorant category was spurred by the national rollout of Beecham's Massengill entry. Double digit increases occurred in the foot deodorant and athlete's foot remedy category by Tinactin, School and Micatin. Massengill and Feminique did well among feminine douches/washes.

First aid antiseptics have been outpacing first aid products, particularly Neosporin, Cortaid, Cortizone 5, Benadryl and Polysporin. Private label items have gained share in the first aid products category.

One new shampoo product

There were three categories of hair care needs with unit volume declines, including a 5.5% dip in the highest volume category—shampoo. There were also losses of 7.2% for home permanent kits and 8.9% for hair dressing needs. There has only been one major new product in the shampoo category within the past year—Revlon's Clean & Clear. The strongest performance among established brands has been achieved by Salon Selectives, VO 5, Pantene, Breck Liquid and Textra. Hair sprays continue to manifest stellar performance with three important new brands appearing over the past year: Salon Selectives, St. Ives and Bold Hold by Alberto Culver. Hair conditioning rinses helped to compensate for the loss in the shampoo category. Clean & Clear was the major new brand with a strong showing and there were major gains registered by Salon Selectives, Pantene, VO 5 Hot Oil Treatment, Prell, VO 5, Australian 3 Minute and Neutrogena.

The brands with excellent sales performance in the hair setting needs category included Clairol, L'Oreal Studio, White Rain and Finesse. Salon Selectives rolled out in 53 markets. The only major brand of home permanent kits with plus volume was Sterling Drug's Ogilvie, which is now comfortably in the lead in this category. A major rollout of Combe Inc.'s Just For Men helped to create a gain in the hair coloring category. Also gaining share were Ultress, Clariol Loving Care Color Formula and Clairol Quiet Touch. All of the major men's hair grooming products had declines in volume except Mennen's Protein 29.

There was only one category with reduced volume in the oral hygiene product group. Denture cleaner volume fell a modest 0.2%. Toothpaste sales were stimulated by new and rollout product activity including Crest For Kids, Aim Anti-Tartar, Close-Up Tartar Control, Aqua Fresh Tartar Control, Arm & Hammer Dental Care and Caffree. There have been three new mouthwash brands to appear within the year: Colgate Tartar Control, N'Ice and Crest Rinse (now in 8 SAMI markets). Viadent has also gained stature among tartar inhibitor brands. In spite of the small loss among denture cleaners both Polident and Polident Smokers had significant gains and private labels also increased their share in the category. Poligrip has performed well in the denture adhesive area. The growth brands of toothbrush are Colgate Plus, Colgate and Tek.

Three out of 14 categories of proprietary remedies tracked by SAMI showed 4-week declines in food store unit volume: antacids (−0.2%), external analgesics (−0.1%) and tranquilizers +16.1% for cold remedies, +10.8% for chest rubs, +10.5% for cough remedies and +7.9% for nasal sprays-drops-inhalers. The internal analgesic brands with share increases included Advil, Nuprin, Bufferin, Ecotrin and

SAMI UPDATE

Doan's. There have been two major new products in the cold remedy category, Excedrin and Alleract.

The growth among laxatives and stool softeners can be attributed importantly to the national rollout of Equalactin, and strong showings by Dulcolax, Fleet, Citrucel, Fibercon, Haley's M-O and Perdiem. Sominex and Nytol gain share among sleeping aids. The highest gain rates for eye care products can be credited to Lens Plus, The Boston, Aospet, Murine Ocu-Clear and via rollouts to Ciba Vision and Aodisc.

Appetite suppressants

Stay-Trim was new and national among appetite suppressants, and all four million dollar brands in this category enjoyed increases. Among synthetic vitamins double digit gain rates were recorded by Teragram, Nature-Made Natural Wealth, Naturite and Vicks. Sunkist sales have been running at a triple-digit rate vs. the corresponding year ago period. Share gains in the natural vitamin, minerals, supplement category included private label, Nature Made, Your Life, Vita Fresh, Natural Wealth and Naturite.

The only category with a gain in the shaving needs category was for razors and blades. Each of the remaining four categories had four-week trends that were weaker than for the past 12 weeks. All major brands of shaving creams had reduced volume versus year ago levels. Among preshave or aftershave lotions the only brand with a gain was Aqua Velva. The best performance among razor blades was for Gillette Good News Disposables and Gillette Microtric.

In the skin care aids product group there was a minor loss among lip care products, but strong upward mobility for hand & body creams/lotions, facial preparation and suntan lotion/suntan oil. There has been only one new million dollar brand to appear in the past year in this entire product group and that is Buf-Puf Cleansers in the facial preparation category. The growth brands of hand & body cream/lotions include Lubriderm, Jergens, St. Ives, Nivea Moist Lotion and Neutrogena. St. Ives and Clean & Clear did well among facial preparations. Share gains among suntan lotion/suntan oil were recorded by Hawaiian Tropic, Sundown and Bain de Soleil. The growth brands among cosmetic and medicated skin aids were Sea Breeze, Noxzema, Oxy-Clean and Caladryl. ■

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 4/22/88	4 WEEKS ENDING 5/20/88	4 WEEKS ENDING 6/17/88
BABY NEEDS	[illegible]	[illegible]	[illegible]
Baby Powders	− 4.1	− 10.9	− 4.8
Baby Oils, Creams & Lotions	+ 12.7	+ 5.5	+ 14.4
Infant Clothes	− 17.8	− 13.2	− 12.1
Nursing Supplies	+ 4.1	− 0.9	− 0.3
DEODORANTS	[illegible]	[illegible]	[illegible]
Sprays	− 6.0	− 7.7	− 3.5
Roll-Ons	+ 4.2	− 3.0	+ 3.0
Stick Deodorants & Pads	+ 5.0	+ 4.1	+ 5.7
Creams	− 7.0	− 8.7	− 14.0
Deodorants & Talcum Powders	+ 28.2	+ 27.3	+ 7.1
Feminine Hygiene Deodorants	+ 44.0	+ 49.4	+ 63.8
Foot Deodorants & Athlete's Foot Remedies	+ 24.6	+ 5.3	+ 13.4
Feminine Douches	+ 10.6	+ 9.4	+ 11.1
FIRST AID	[illegible]	[illegible]	[illegible]
Antiseptics	+ 9.3	+ 4.9	+ 6.1
First Aid Products	+ 2.4	− 2.6	− 1.5
HAIR CARE NEEDS	[illegible]	[illegible]	[illegible]
Shampoos	+ 1.5	+ 1.0	− 5.5
Hair Sprays	+ 18.4	+ 20.5	+ 18.2
Hair Conditioning Rinses	+ 11.2	+ 5.6	+ 5.5
Hair Setting Needs	+ 7.8	+ 2.0	+ 0.1
Home Permanent Kits	− 16.5	− 13.4	− 7.2
Hair Coloring	+ 3.9	+ 3.4	+ 3.9
Hair Dressing Needs	− 9.9	− 14.6	− 8.9
ORAL HYGIENE	[illegible]	[illegible]	[illegible]
Toothpastes & Powders	+ 3.1	+ 7.9	+ 4.5
Mouthwashes	+ 8.3	+ 20.2	+ 16.5
Breath Fresheners	− 6.3	+ 1.0	+ 2.1
Denture Cleaners	− 2.0	− 8.0	− 0.2
Denture Adhesives	+ 4.8	− 2.7	+ 3.1
Toothbrushes	+ 0.8	+ 3.1	+ 9.5
Dental Aids	+ 6.8	+ 13.6	+ 22.6
PROPRIETARY REMEDIES	[illegible]	[illegible]	[illegible]
Antacids	+ 5.8	+ 9.0	− 0.2
Internal Analgesics	+ 7.2	+ 3.5	+ 2.9
External Analgesics	+ 8.8	+ 2.3	− 7.1
Cold Remedies	+ 6.4	+ 10.9	+ 16.1
Nasal Sprays—Drops Inhalers	− 5.4	− 2.1	+ 7.9
Chest Rubs	− 3.5	+ 12.5	+ 10.8
Cough Remedies	− 2.0	+ 13.0	+ 10.5
Laxatives	+ 12.8	+ 8.9	+ 6.8
Sleeping Aids	+ 5.7	+ 5.3	+ 2.8
Tranquilizers	+ 3.3	− 4.1	− 7.7
Synthetic Vitamins	+ 11.8	+ 11.2	+ 3.9
Eye Care Products	+ 16.4	+ 9.6	+ 9.3
Appetite Suppressants	+ 28.6	+ 29.6	+ 22.5
SHAVING NEEDS	[illegible]	[illegible]	[illegible]
Shaving Creams	− 0.5	− 9.2	− 6.6
Pre-Shave Lotions	+ 2.4	− 5.3	− 1.8
After-Shave Lotions	+ 0.1	− 0.5	− 1.1
Razor Blades	+ 4.0	− 1.4	− 0.8
Razors & Blades	+ 2.3	+ 12.6	+ 10.7
SKIN CARE AIDS	[illegible]	[illegible]	[illegible]
Hand & Body Creams & Lotions	+ 3.2	− 0.4	+ 15.1
Facial Preparations	+ 9.9	+ 8.9	+ 12.6
Lip Care Products	+ 15.1	+ 12.4	− 0.5
Suntan Lotions & Oils	+ 12.0	− 25.1	+ 21.4
Cosmetic & Medicated Skin Aids	+ 7.2	+ 6.0	+ 2.3
TOTAL ALL CATEGORIES	+ 5.4%	+ 4.6%	[illegible]

PROFIT NEWS
★ ★

The highest DPP in feminine hygiene

With over 150 items in the Feminine Hygiene category (including tampons and napkins), it can be hard to make decisions about shelf space allocation and merchandising programs. Now DPP–Direct Product Profit–makes it easier.

According to a recent study,* Summer's Eve Feminine Wash has one of the *highest DPP per square foot* of any item in the

Hygiene category. And the *highest DPP per week per SKU.* Our new product, Feminine Mist, is fast becoming a winner too.

We're supporting our high DPP with intensive promotions and advertising. So if you want to maximize profits, make the most of Summer's Eve.

*Willard Bishop Consulting, Ltd

CES OVERVIEW

Continued from page 66

rants. Growth in sales last year in real dollars (with prices held constant) was 1.3 percent for groceries, and only .2 percent for restaurants. Since there is more demand than ever for prepared foods, a part of the increase in grocery sales must be attributed to increased sales of prepared foods.

Prepared foods sold through the service deli alone in 1987 accounted for over $3.5 billion. This does not include other convenience foods such as sliced meats and cheeses, prepared foods sold through the meat, fresh fish and produce departments, and the sales of instore snack bars, cafeterias and restaurants. Clearly, 1987 brought an intensification of the grocer's war with restaurants over the prepared foods dollar.

The consumer's love affair with fresh products is part of a larger trend. Again in 1987 we saw many shoppers switching to products that are perceived as being healthier. Foods with less calories, cholesterol, fat, additives and caffeine increased in sales. This is a return to a consumption trend that started in a significant manner three or four years ago, and ebbed slightly during 1986.

This trend tends to affect many of the larger food categories and subcategories. Take the largest store category, for example—fresh meat sales were up slightly last year (1.6 percent), but beef, with sales in grocery stores of almost $20 billion, was down 1.9%, and so were lamb and veal. Poultry sales rose 3.8 percent and fresh fish and seafood were up 16.8 percent.

Nutritional considerations also contributed to the lower sales of other products such as milk (1.3 percent), butter (0.3 percent), canned meats (2.4 percent), salt (0.4 percent), lard (13.1 percent), shortening (9.6 percent), cocoa (2.3 percent), coffee (7.1 percent) and sugar (2.0 percent).

On the other hand, nutritional considerations helped some categories increase sales. Categories such as bottled water (+ 23.6 percent), popped popcorn (+ 17.3 percent), unpopped popcorn (+ 24.9 percent), olive oil (+ 14.4 percent), prunes (+ 7.9 percent), yogurt (+ 14.3 percent) and vitamins (+ 3.4 percent) were among those helped by nutritional concerns.

One important philosophical quirk must be kept in mind when looking at the American consumer—man does not live by nutrition alone. While the consumer was busy cutting down on those products mentioned above, and busy increasing his purchases of healthier products, he was also increasing sales of beer, candy, ice cream, snacks, cakes, soft drinks and cigarettes. For the bulk of consumers, there seems to be a nutritional double standard. The American consumers just love their leisure foods.

In all, 1987 was a year in which supermarkets solidified their hold on the nation's food dollar, and nailed down their response to many of the apparent consumer trends. Last year saw a mainstreaming of many HBA and GM product categories. With the exception of some of the new hypermarket-type formats, many operators have fulfilled their need to experiment with a lot of the exotic nonfoods categories, and now have a fairly good idea of what types of products will work in their operations.

Last year was important because many of the trends retailers responded to will be with the industry into the next decade, and their responses will help determine how successful their stores are in meeting the challenges of the first few years of the 1990s. The actions set in motion in 1987 will be built upon, or modified, based on consumer patterns in 1988 and 1989. As with any year in this business, last year partly defines what next year will be like—and there's always a lot of money on the line. ■

DRIED FRUIT

Continued from page 173

Yen. Still, these are disappointing figures compared to the 20 percent increase in European sales two years ago and the 29 percent jump in Japanese shipments during that same period.

Dried apricot growers are still feeling the effects of the great "Turkish invasion" of the U.S. market in 1984, but there has been some marginal relief. Total sales of dried apricots climbed by $700,000, a 2.6 percent increase.

Apricot growers and processors are taking an upbeat approach to their problems, according to Gene Stokes, general manager of the California Apricot Advisory Board (Walnut Creek, Calif.) The competition of the much less expensive imported fruit was initially seen as a disaster. But careful positioning of the product is beginning to turn things around.

Stokes said processors are learning to position their product as a high-quality alternative to the Turkish fruit. Stokes explained that because of the strains of apricot grown in Turkey, the imported fruit is smaller and sweeter after processing in comparison to American apricots. The U.S. product is larger, finer textured and processed to retain a tart-sweet flavor, which Americans prefer, Stokes said.

Stokes still believes, as he told SUPERMARKET BUSINESS last year, that advertising is an inefficient way to sell the American product, since the Turkish fruit also benefits from the enhanced "apricot awareness" that advertising brings. In any event, the CAAB advertising and promotion budget is very small. Of the $250,000 budget for market which the CAAB has to work with, only a fraction is dedicated to dried apricots (the rest goes to market fresh, canned and frozen product).

On the retail end of the business, Stokes said processors and packers have noticed a slight improvement in demand over the past years. He said that since the introduction of the Turkish imports, per capita consumption of apricots has gone up 50 percent in the domestic market. Stokes claimed that with this improvement in consumption has come a change in consumer attitudes. "We are now getting the first-time tryers of the Turkish fruit. [These are] people who are now more anxious to buy a higher-quality product," Stokes said. It's a demand that only the larger, premium grades of California fruit can fill, he added.

Stokes said the steadiness in the pricing of the U.S. product has also helped to stimulate consumer demand for the premium grades. Although the wholesale price to processors and packers has gone from about $2.50 per pound to $2.75, the dried product has been holding the line in terms of retail price at about $6 a pound.

In terms of both volume and dollars, Stokes predicted that the U.S. product will capture a share just under 40 percent of the domestic market. Stokes said this year's output of dried fruit will probably reach about 3000 tons. The amount of Turkish product imported into the U.S. will probably match last year's level of 4000 tons and may go as high as 4500 tons.

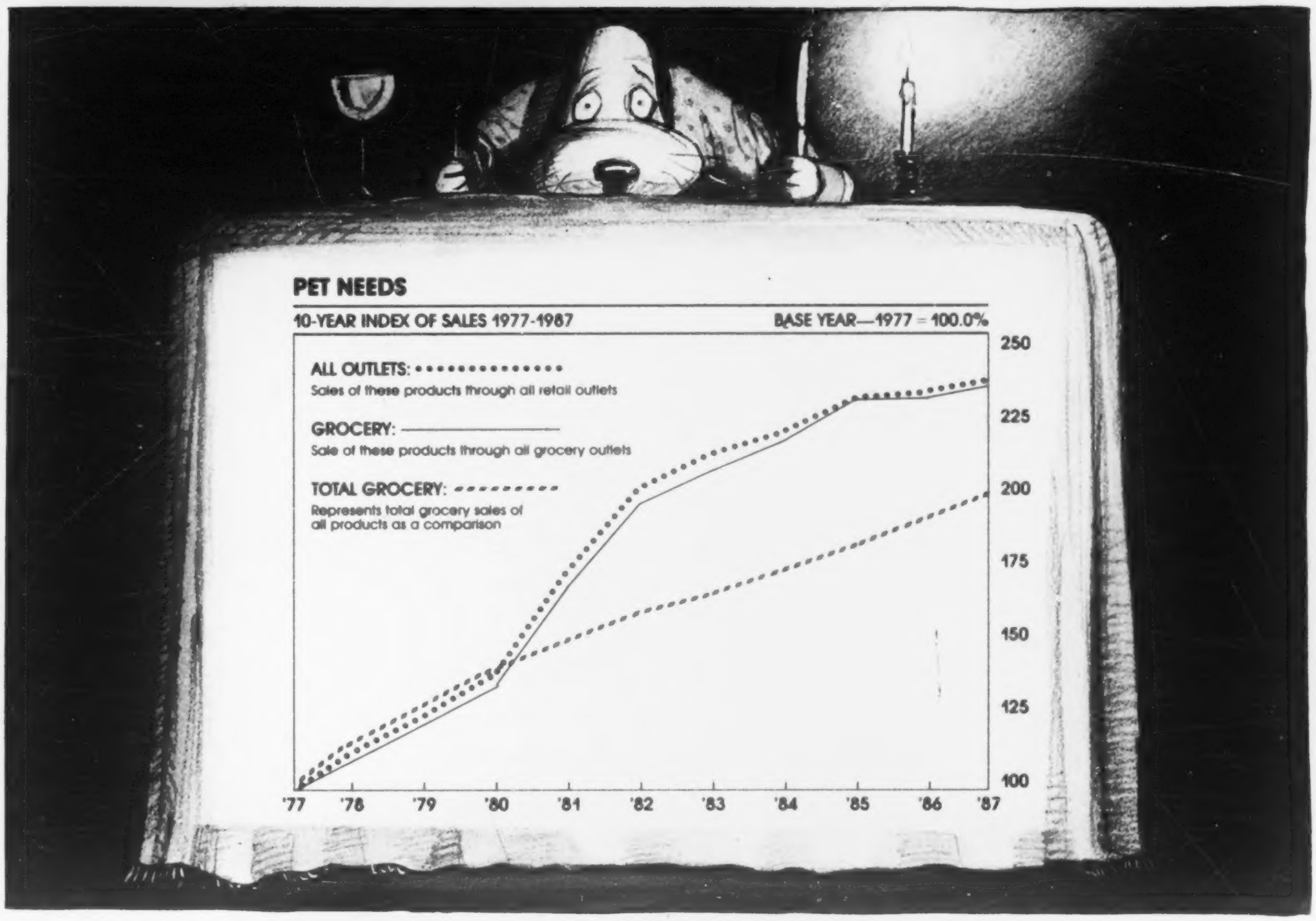
Other varieties of dried fruits lagged behind the big three in the current sales survey. Grocery store sales of dates increased only by .1 percent. Date growers are facing competition from unlabeled Middle Eastern product from Israel, Iraq and Iran. Fig growers and processors enjoyed a modest boost from $6.5 million to $6.8 million in grocery sales.

The miscellaneous category, covering all other dried fruit sales in grocery stores, showed a 3.8 percent drop in sales, from $22 million to $21.6.

—BRIAN MURPHY

Dried apricot growers are still feeling the effects of the great 'Turkish invasion' of the U.S. market a few years ago, but there has been some relief.

PET NEEDS



By offering more premium pet foods and adding other 'value-added' features, suppliers are making a profitable category even more so.

When there are more varieties of dog and cat foods than there are varieties of dogs and cats, you have to wonder how any one product can stay alive in the pet food business.

The pet food industry might not be at that stage yet, but when you see the variety of foods—or at least the variety of ways pet food are positioned—you have to wonder just how crowded this market can become. There has been some regrouping in the past few years, such as Nestle's purchase of Carnation (marketer of Mighty Dog dog food and Fancy Feast "gourmet" cat food) and Quaker's purchase of Gaines Foods. It's virtually impossible to find a niche that isn't filled by one or more of those major players.

No end in sight

But what seems like a product category ripe for more shakeouts just keeps breeding more and more brands and brand extensions, from basic dry food to "gourmet" food in "upscale" packaging, to low-calorie pet food, to pet treats. And there's no end in sight.

In a sense, the pet food aisle—not to mention pet food outposts at the front end or wherever there's enough space for those giant 25 and 50-pound bags of dry food—is a microcosm of the entire store. Brands claw for shelf space, expensive TV and print ads clamor for consumers' attention and loyalty, and attempts at trading consumers up to higher-margin "gourmet" brands are often undercut by rampant price-promoting and couponing. Will this dog-and-cat food rat race ever stop, or at least slow down?

Suppliers don't think so. "Opportunities in pet foods are not unlike opportunities in human food," says Nancy Pitz, vice president, product management, at the Quaker Oats Co. (Chicago), which markets Tender Chops, Gravy Train, Cycle and other brands. "We think people are looking increasingly at their pets as another member of the family. People are looking at more premium items in terms of human consumption. They tend to be looking for it for their pets as well." A product that "is perceived as better tasting and looks a lot like people's food," Pitz says, has the same chance of catching on—and is up against the same odds—as human food with the same qualities.

Rummaging through garbage

Cynics would maintain that Pitz's word "perceived" is all that matters in pet foods, since people— not pets—are making the purchasing decisions. And anyone who has seen stray dogs or cats gleefully rummaging through garbage would probably agree.

However, pet food suppliers claim their positioning strategies grow in part out of nutrition information. Quaker's

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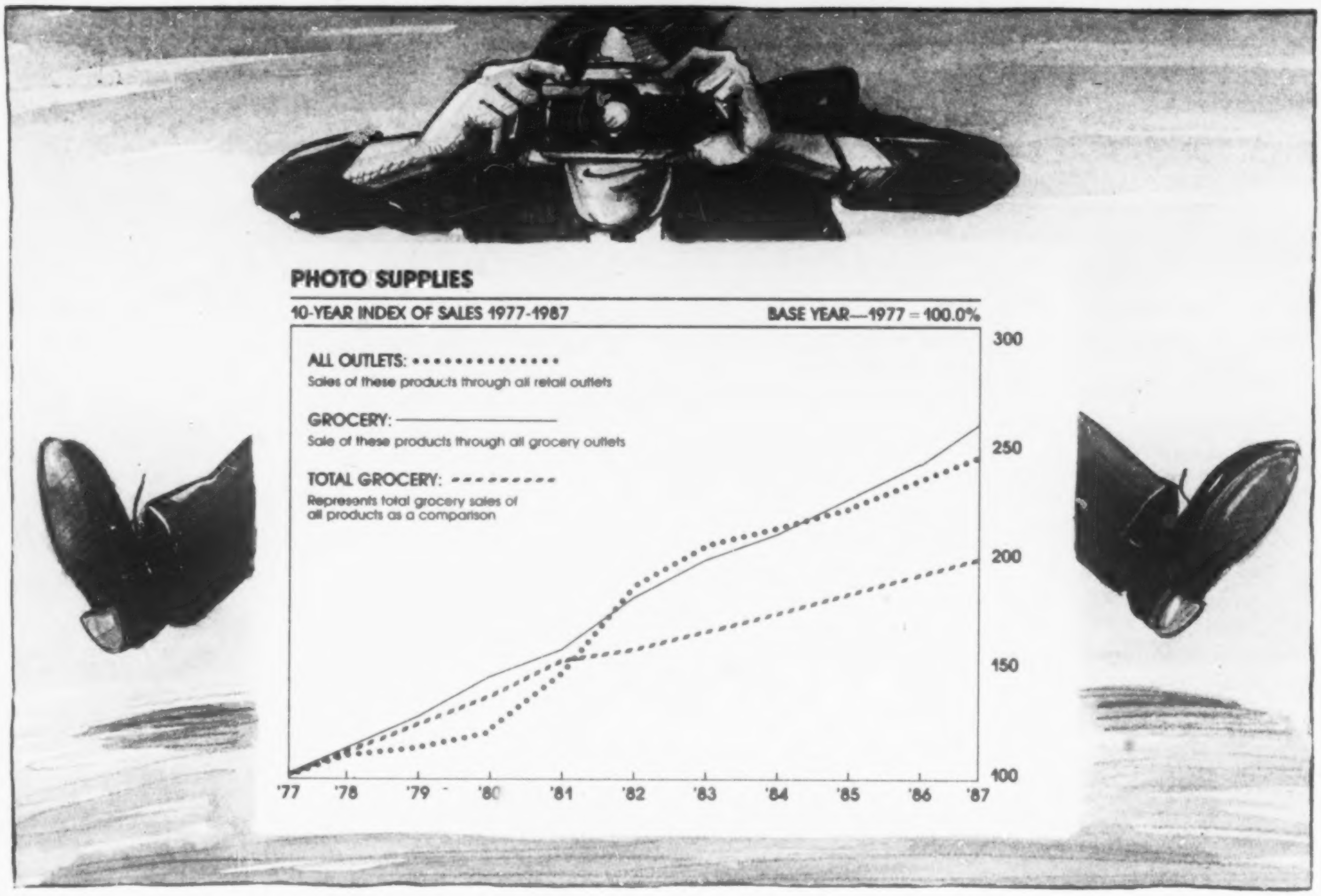
PHOTO SUPPLIES



Film sales continue to be strong. Now the challenge is to build on that strength, using the photo processing department.

The boom in amateur photography continues, with no end in sight. As cameras become more foolproof and photofinishing becomes more convenient for consumers, film continues to be a steady high-margin supermarket item.

Suppliers of film and minilabs continue to report steady sales increases, and they are saying that more and more supermarkets are seeing the financial benefit of instore film developing.

Supermarkets already account for a substantial amount of the film business. Ron Dubner, national food and drug sales manager at Fuji Photo Film U.S.A. (Elmsford, N.Y.), claims that supermarkets are among Fuji's top three retail channels in terms of overall Fuji U.S. business. And with the help of an award-winning print ad featuring three sunbathers (one of which was actually a photograph using Fuji film), Fuji's presence in the U.S. is sure to increase.

"We had a record-setting year (in 1987)," says Dubner. "In the food business we gained additional distribution and additional facings. The market is getting bigger, and our depth in the market is getting bigger."

Polaroid's announcement

Fuji's momentum could be one of the reasons behind Polaroid's (Cambridge, Mass.) announcement earlier this year that it would enter the 35-millimeter film business sometime in the near future. Although many industry observers said at the time that Polaroid was making the move because its sales of instant-print film are slipping, other brands' ability to grab market share from perennial front-runner Kodak must have been an incentive.

Supermarkets account for 21 percent of Polaroid's U.S. business, according to Peter Malaspina, director of product development, who cites the "impulse nature" of Polaroid's film as a reason for its success in supermarkets.

Though Polaroid has revealed virtually nothing (not even a date) about its planned entry into the 35mm market, Malaspina says he expects supermarkets to account for a significant portion of Polaroid's 35mm business as well. "We would definitely take that product into our traditional channels," he says.

With its relatively high DPP numbers, film is a high-performance category for supermarkets. It occupies very little space, and the entire assortment can be stocked in depth on an endcap. According to Dubner, film's presence in supermarkets is confirmation to the shopper that she is getting a good price. "When the customer buys a product in a supermarket, she believes she is getting good value for that product," Dubner asserts.

For Eastman Kodak Corp. (Rochester, N.Y.), supermarkets

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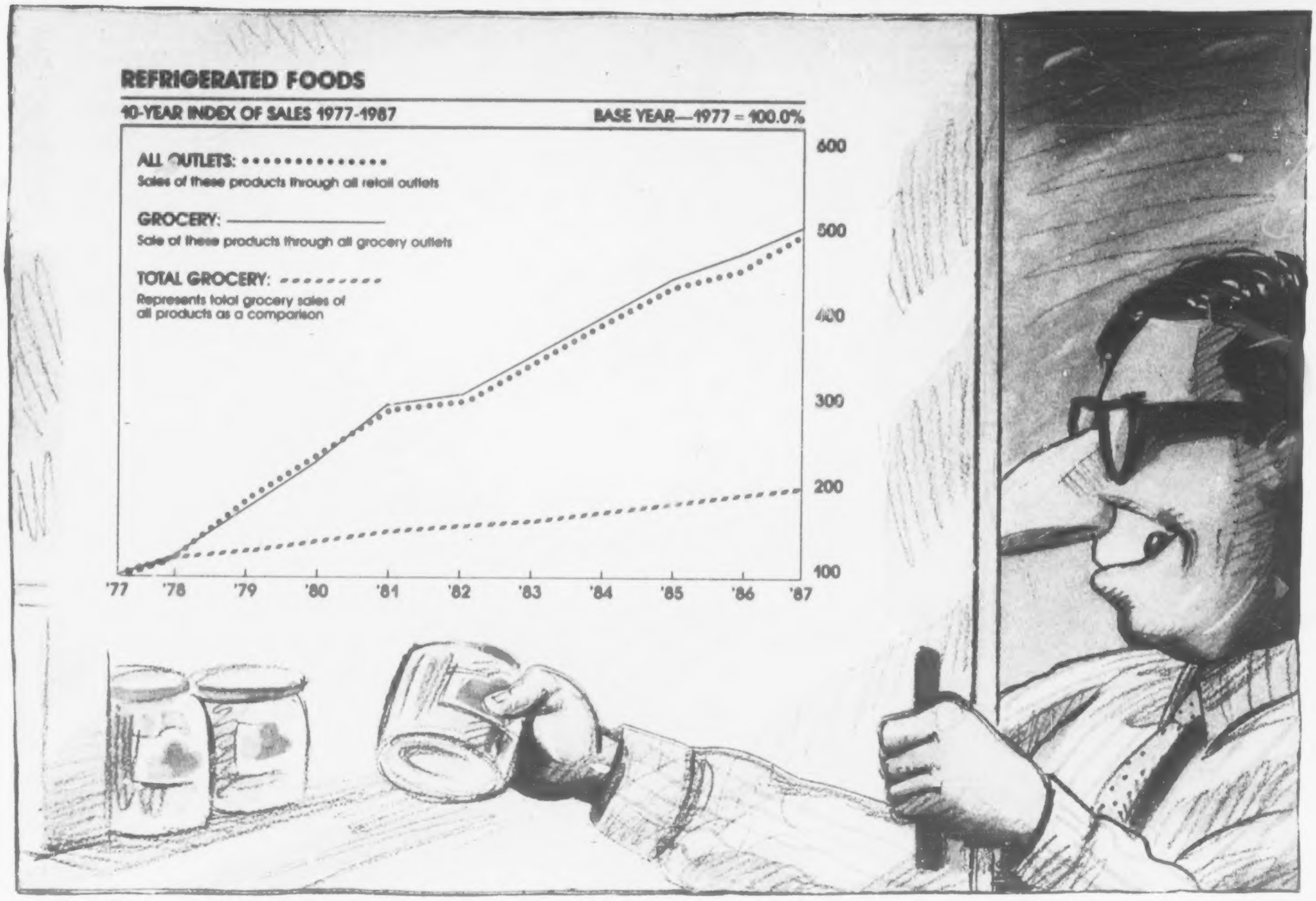
REFRIGERATED FOODS



Suppliers are meeting consumer demands for freshness and convenience by bringing out more chilled products than ever before—and retailers are doing a juggling act just to keep up.

The market for chilled products is hot and getting hotter, thanks to the consumer's growing appreciation of ready-to-serve foods. Consequently, suppliers are bringing out chilled juices, pastas, sauces and other refrigerated foods at a rapid pace, and retailers are searching for ways to display them all adequately and effectively.

The competition for display space and consumer dollars is "dog-eat-dog," in the words of one supplier. "There's always somebody out there trying to beat the drum with some new item for mass marketing appeal."

The introduction of new products represents an ongoing problem for retailers, who have a finite amount of space for any given category, any retailer will tell you. Only when a store undergoes an expansion or redesign can sections be enlarged. So, when it comes to refrigerated products, the problem is magnified even more, because the space is absolutely finite.

But regardless of retailers' space limitations, suppliers continue to bring new refrigerated goods to market. Chilled juices now comprise the largest part of most refrigerated displays, excluding dairy products, as suppliers vie for shelf space with a slew of new flavors and varieties. Orange juices still outsell most other fruit juices and juice drinks including blended products, according to industry observers.

"Orange juice has grown tremendously," says Dale Lauer, manager of the Dierbergs supermarket in Chesterfield, Mo. "There used to be two or three varieties in the category, but now there's home style, country style, calcium-fortified, low-cal. Now we even have a Dierbergs brand. It really makes an impression when you have a big spread of the different varieties.

"We sell more juice in cardboard cartons than in glass containers," he adds. "People are finding that the quality is still there."

The refrigerated juices lose some sales to the produce department at Dierbergs, where the retailer offers fresh chilled papaya and guava nectar and other more exotic juices. But "a lot of people don't want to put out $2.29 for something they're not sure they'll like, so they stick with regular orange juice," Lauer says.

Not-from-concentrate comes on

The response to the Pure Premium and Pure Premium Homestyle not-from concentrate orange juices introduced by Tropicana Products (Bradenton, Fla.) last year has been "tremendous," according to Martin Guttrieund, vice president of administration for the well-known supplier. These items "are growing by leaps and bounds," he says. "There's been a shift away from concentrate to ready-to-serve."

Recently, the company unveiled its new Duallock patented packaging technology, which consists of a polycompound container with seven layers that act as oxygen barriers to retard spoilage and prevent aftertaste. The new packaging, which is currently being used only for the 96-oz. versions of the Pure Premium line, represents "a major advancement in technology" within the chilled beverage industry, Gutfrieund says.

The supplier also made its first entry into dry shelf goods recently, with its new Tropicana Twisters. The line consists of juice beverages available in four orange-based and two grapefruit-based flavors. Twisters "began as an adult item, but now we're finding they're a family favorite," Gutfrieund says. The orange strawberry banana combination is the most popular thus far, he notes.

While Twisters don't require refrigeration, many retailers are merchandising them in the chilled section, Gutfrieund says. They're packaged in 46-oz. glass decanters that are "ergonomically balanced" to fit comfortably in a woman's hand, and "they look like something you'd be proud to put on your table."

The juice beverages are currently being distributed nationwide with the exception of the West Coast, which was the last area to receive the company's premium orange juice products. "We're a very planned company," Gutfrieund says. "We don't do too much at one time."

Convenience is crucial

Like Tropicana's Gutfrieund, George Woody, vice president of marketing for arch rival Coca-Cola Foods, makers of Minute Maid orange juice, notes a trend toward sales of ready-to-serve juice products. "Sales of chilled juices overtook sales of frozen juices in 1986," Woody says. The shift "is part of a consumer trend toward more convenient products, and that trend will continue."

In May, the company entered the not-from-concentrate segment in the chilled orange juice area. The new Premium Choice brand was introduced in New England in 64-oz., foil-lined cartons, and in July distribution was expanded farther down the East Coast, using 64-oz. "state-of-the-art" plastic containers, Woody says. National rollout of the not-from-concentrate orange juice continues, along with expanded distribution of Minute Maid's 96-oz. plastic container of regular chilled orange juice.

"Most orange juice in the dairy case is from concentrate, which means the water has been removed and added back later. With not-from-concentrate, the water is never removed. The consumer perceives not-from-concentrate as being closer to fresh squeezed," says Woody.

The company's calcium fortified orange juice, introduced last year, fills a market niche, he feels. "There's a group of consumers who tend to be conscious about calcium, and that's a nice segment for us. It's continuing to grow."

Similarly, the company's low-calorie Light 'n' Juicy line made with NutraSweet, introduced about a year ago, has expanded Coca-Cola Foods' volume in the chilled beverage area significantly, says Woody. Most of the low-cal drinks currently available are powdered and carbonated soft drinks, "so we have a nice little niche right now."

Rivalry arising?

But other refrigerated juice manufacturers may soon be jumping on the low-cal bandwagon as well. Ocean Spray Cranberries (Plymouth, Mass.) is currently test marketing low-calorie versions of some of its cranberry juice drinks, according to John Kirtland, division business manager for the company's chilled products. Like Minute Maid's Light 'n' Juicy line, Ocean Spray's diet-oriented drinks are made with NutraSweet.

The supplier already offers two regular chilled products: Crantastic, a blended juice drink, is comprised of five fruit juices, and Pink Premium is a 100 percent pink Indian River grapefruit juice. As grapefruit juice continues to gain popularity, Kirtland advises, retailers should be aware of that trend and should give the product more prominent play in the refrigerated case.

All Ocean Spray chilled products are offered in 64-oz. cardboard containers. The company has no plans to use polycompound packaging because it's more expensive and doesn't necessarily serve a purpose. "Some of the oils and things inherent in orange juice may call for more expensive packaging that may have some impact on preservation, but plastic won't necessarily benefit every chilled product," says Kirtland. "It doesn't necessarily keep the product fresher, colder or better."

Ocean Spray was the first supplier to introduce branded premium products other than orange juice in the refrigerated category when it unveiled Crantastic several years ago, Kirtland notes. "We initiated a couple of things in the chilled category, and we hope to regain our prominent place in the category when our new products come out," he says.

Unfortunately, he adds, the trade is "lagging behind" in terms of growth within the refrigerated category. "The chilled section doesn't have the space comparable to its share of volume," Kirtland says. "You'll find a 44-foot canned and bottled juice aisle, and six, eight, 12, 14 feet in the chilled section of most stores. Newer stores have larger chilled sections, but the others won't catch up. The chilled business suffers from higher out-of stocks and a lack of variety because of space restrictions.

"I sympathize with the dairy merchandiser," he continues, "but the overall volume of chilled juice outsells canned and bottled. It's perceived to be fresher, higher quality and convenient. It's ready to use, just open and pour, and it's lighter to carry."

Pastas and puddings

While juice and juice drinks capture the vast majority of sales in the chilled foods area, other types of products have been making inroads into the retailer's refrigerated case.

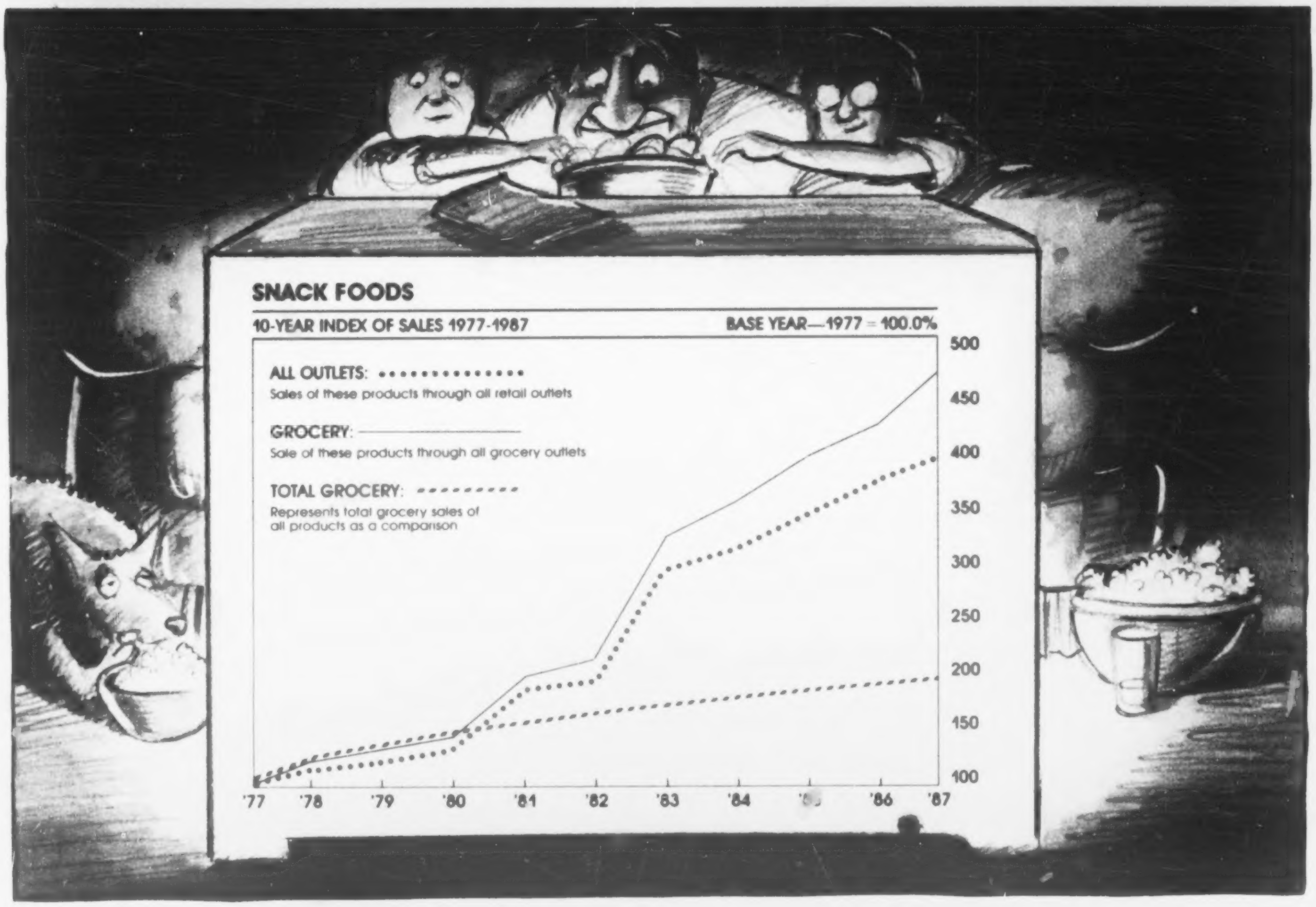
Last fall, for instance, General Foods (White Plains, N.Y.) introduced its Jell-O Pudding Snacks on the West Coast and is currently expanding distribution of the refrigerated snack product into the Northeast. "By the end of 1988 it will be distributed everywhere but the Southeast, and that area will be covered by early 1989," states Donna Neal, marketing research manager for General Foods' refrigerated desserts.

Pudding snacks, which are merchandised primarily in the dairy case and occasionally in the deli section, are sold and distributed by the Oscar Mayer sales force because Oscar Mayer, an affiliate of General Foods under the Philip Morris umbrella, has "a great refrigerated sales force," according to Neal. A pegbar merchandising system similar to that used to hang coldcut packages is used to display Jell-O Pudding

Continued on page 216

While juice and juice drinks capture the vast majority of sales in the chilled foods area, other types of products have been making inroads into the retailer's refrigerated case.

SNACK FOODS



As snack suppliers roll out new flavors and varieties to appeal to all types of consumers, the struggle intensifies for supermarket shelf space.

Variety may be the spice of life, but that's probably not why snack food suppliers continue to develop new flavors, shapes, sizes and packages for their products. Their ultimate goal: to reach every potential customer in every demographic group in every part of the country.

During the past few years, major snack makers such as Frito-Lay and Borden, as well as some smaller regional and local suppliers, have concentrated their efforts on creating foods with an ethnic flair, like Cajun and jalapeno-flavored chips, for example. They've also brought out a slew of snack products for today's nutritionally minded consumers. Take a glance at any supermarket snack display and you're sure to see labels that say low-salt, no-salt, low cholesterol and no-cholesterol.

But while savvy suppliers have been busy building the number of products in their snack lines, hoping to increase their labels' visibility in the stores, they've posed a difficult dilemma for supermarket retailers, who aren't exactly at a loss for products to fill their shelves. Stores that cater to a broad demographic audience, for instance, may want to carry every product in a particular supplier's line, but they may have to limit the space allotted to each product or eliminate some items altogether.

"You can get just about any snack food in every product line in salt-free or light," says Dale Lauer, manager of the Dierbergs store in Chesterfield, Mo. "It's a merchandising gimmick to get more shelf space. Everybody hopes for more front footage—they don't like to see new products cut into their own section.

"It's a fallacy," he says, that the more products a supplier puts out, the more space that supplier will receive in the store. "It depends on how the different items are selling."

When a new product is introduced, the retailer must reevaluate sales of existing merchandise and decide whether to reallocate the space within the snack area, Lauer explains. If a particular product isn't doing well, he says, it may be replaced by a newer item with more potential, from the same supplier or a different one.

Meeting consumer demands

The problems of shelf space aside, many of the new snack flavors and varieties have been hits with consumers, according to industry insiders.

"There's been a total change in philosophy," says Jack Taylor, executive vice president of Pezrow Companies, a food broker in Ramsey, N.J. "There's greater emphasis on nutrition and quality. Price is still an issue, but it's less of an issue than it was a year ago. Consumers are looking for value, but they want to upgrade."

If a product is priced extremely high, of course, it won't be as enticing as a lower-

Continued on page 216

It may be hard to define specialty foods accurately, but there's no denying the inroads they have made: They are handled by 82 percent of supermarkets.

It's a classic case of being in the right place at the right time.

Benefitting from a variety of converging trends—including rapidly changing consumer demand and many retailers' moves to upscale—specialty foods have earned a larger presence on supermarket shelves, occasionally breaking longstanding merchandising rules to get there. The category is now handled by more than 82 percent of all supermarkets, according to the Point-of-Purchase Advertising Institute (POPAI).

"The growth in supermarkets has been exceptional," said Gary Broyles, vice president, marketing for A. Greenhouse & Co., an Albany, N.Y., distributor. "We've come a long way from the old days where you had to keep pounding your head against a wall to get into a supermarket. Most buyers today are very receptive to the category." A. Greenhouse currently services supermarkets over a six-state area, including Grand Union, A&P, Waldbaums and Price Chopper.

Among other retailers that have taken notable leadership in the category are Giant Foods, Stop & Shop, Ralph's, Foodtown in Kentucky and Minyards, according to Robert H. MacLauchlan, president of HM Consultants International of Boston, and author of a Frost & Sullivan research study on the industry.

The typical supermarket carries 400 to 500 SKUs of specialty foods, said Carl Richter, president of Richter Bros. Inc., a Carlstadt, N.J.-based specialty foods distributor and importer.

Undeniable growth

If not explosive, the growth of specialty foods has been undeniable. And, if not reaping huge returns on investment, the category provides high gross margins and adequate turnover to hold its own when balanced against competitive, assortment and image considerations.

Just as they've influenced other categories, changing consumer demographics, shopping patterns and retailers' efforts to upscale have helped specialty food sales.

With census bureau figures indicating that nearly three-quarters of all households contain two wage earners, shoppers have been placing more and more emphasis on convenience and quality, in the process also paying greater attention to health and nutrition. Furthering their retail penetration have been the notable erosion of brand loyalties in many categories and research suggesting that 66 percent of all purchase decisions are made in-store, according to POPAI.

A direct and practical benefit for the category has been the trend toward upsizing stores, allowing more specialty items to be squeezed into the available shelf space.

When considering specialty foods, however, a significant

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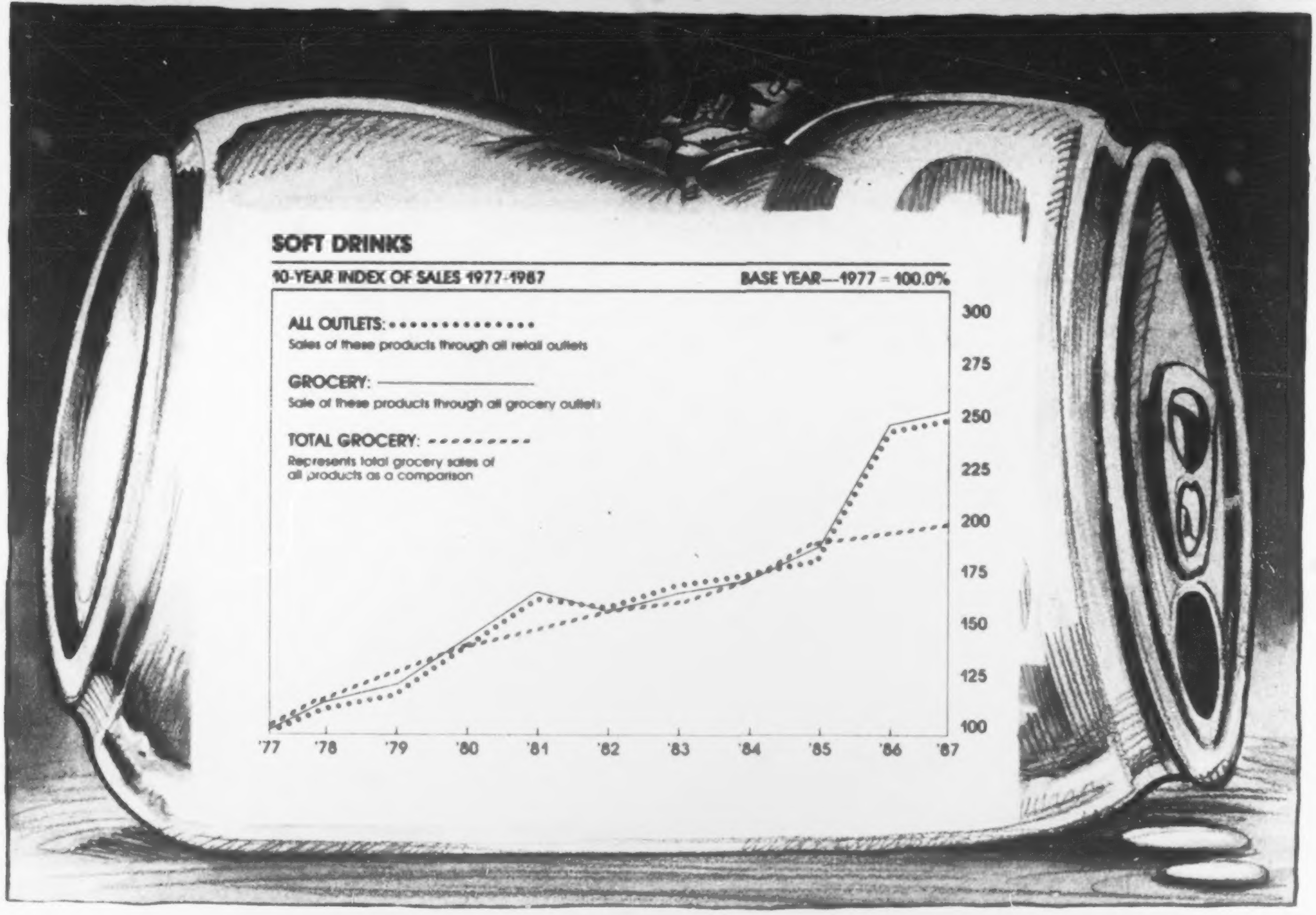

Diet soft drinks are no longer just for dieters anymore, as the adult taste holds sway.

The adult taste is "in" in soft drinks.

The adult taste is generally less sweet, with lower calories and less caffeine. And this reflects the aging of the population, according to industry executives. That's meant good things for diet soda, but has also opened the door for a variety of line extensions, new products and the so-called "niche" companies.

"People no longer feel they have to be on a diet to like a diet soft drink," said a spokeswoman for the National Soft Drink Association. "It's become a mainstream kind of beverage. In 1970 diet represented only 7 percent of the market, but by 1986 it was 21.8 percent."

Of course the biggest niche of all is still cola, which pulls a commanding 70 percent market share, according to the National Soft Drink Association. Lemon-lime is also significant with an 11 percent share of the overall market. Orange-flavored sodas pull a respectable 4 percent.

According to research by Coca-Cola, soft drinks represent the number one selling product category in supermarkets, accounting for $9 billion 4 percent of sales. Coke has also performed its own Direct Product Profitability analysis to show that soft drinks provide seven times the DPP of most dry grocery items.

Cola wars rage on

Within that environment, too, the cola wars between Coca-Cola and Pepsi have continued. Executives of both companies love the metaphor, and why not? According to their own and industry estimates, Coke and Pepsi own in excess of 80 percent of the cola market in the U.S., leaving the remaining 20 percent to be divided up between numerous regional and a few national companies.

"In terms of their growth rate, carbonated soft drinks have become the number one beverage consumed in America, including all other beverages and water, and is currently at the rate of 43 or 44 gallons per capita," says Edwin Mellett, senior vice president of The Coca-Cola Company and president, Coca-Cola USA. "We think it will continue to grow at a 4 percent per year compound rate overall in food stores. And, while that's good, the one-calorie diet sodas have grown 70 percent faster than the sugar-sweetened."

An outgrowth of the emphasis on adult tastes, particularly diet drinks, has been the "explosion" in growth for Caffeine Free Diet Coke. He noted that the population's median age had increased to between 32 and 33 years and is continuing to grow older. As a result, many consumers will pay greater attention to health and prefer a somewhat less sweet drink. Market research indicates that most consumers will tend to bring their soft drink habits with them as they age, but to change preferences in terms of taste, Mellett said.

Since 1982 when it was first

SOFT DRINKS

Outside the battle of the cola titans, the so-called 'niche' companies have developed, commonly finding their market first in small delis and convenience stores.

introduced, Diet Coke has won a 10 percent share of the market, he claimed.

Prior to this year, Coke went through a flurry of new product introductions, successfully rolling out variations of its caffeine-free and cherry Coke extensions. But there have been no new introductions over the past 12 months.

"We're very happy with the product lines we have and feel there's a lot more growth to be realized in the cola category and that's where our emphasis will remain," Mellett said. "But we've also made dramatic inroads with our lemon-lime drink, Sprite, against 7-Up, and with our Minute Maid orange soft drink."

For Pepsi—number two in market share—the story is similar. Spokesman Tod MacKenzie reported better than average growth during the last year and claimed that a sixth consecutive Nielsen Report showed Diet Pepsi's rate of growth accelerating faster than Diet Coke's.

"The soft drink category has consistenty outperformed all expectations and no one sees any signs of it tapering off," MacKenzie said.

However, other than a current three-market test of a Wild Cherry Pepsi formulation, there have been no major introductions in the past year. What there was, was an aggressive and somewhat risky television advertising campaign for Diet Pepsi that won widespread attention. The 30-second spot, dubbed "Undisputed Champions," featured Heavyweight Champion Mike Tyson as the victor of his much ballyhooed fight with challenger Michael Spinks.

Taking a risk

The risk factor came in that the spot began airing several hours before the fight actually took place—a potential embarrassment should Tyson have lost.

"We were looking for a vehicle for our taste superiority claim over Diet Coke and the fight afforded us a way to do that," MacKenzie said. "There was definitely a risk involved but it was in keeping with our leading edge reputation. Had Tyson lost, there would definitely have been some scrambling though."

Pepsi has had its share of problems, however, with its Slice brand of juice-added drinks, which had lost substantial share of market against other lemon-lime sodas. It was the lemon-lime flavor that Pepsi reformulated last year.

MacKenzie argued that Slice is now trending upward in sales, owning about half—$1 billion—of the $2 billion juice-added market. He also pointed out that Slice was still a relatively new brand with excellent long-term potential.

Numerous line extensions are promised for next year from Royal Crown Cola. President James Harrelson said new flavors will join those already available to the company's bottlers and designed to make the adult appeal—a trend he said was tagged long ago. Currently, there are eight flavors in addition to cola, including pink grape, grape, lemon-lime, black cherry and tangerine peach.

RC's strategy has been to limit advertising to the heavy selling seasons, then leading with FSIs and couponing. The flavors and the advertising scheme have apparently helped; Harrelson claimed RC's sales have jumped 14 percent in the last year.

Not helping sales, Harrelson complained, was the continued practice by Coke and Pepsi of using CMAs—Calendar Marketing Agreements—that effectively wrap up most or all of a chain's soft drink promotional efforts.

Public discussion of CMAs

CMAs were discussed publicly, outside the trade, for the first time several months ago, with a sizzling *60 Minutes* report. Briefly, they are the contracts retailers and local bottling companies sign setting out the dates and terms of in-store promotions. Smaller companies, such as Harrelson's, have complained bitterly that between them the two giants have a lock on all 52 weeks of the year, shutting them out of the promotional game.

"They've improved somewhat, but there are still many that are in violation of the law and we're continuing to work with the FTC," Harrelson charged. "If I'm given a chance to compete and can't, then it's my fault. But if I'm closed out of the competition, then someone is preventing me from competing."

Not surprisingly, both Coke and Pepsi have defended the practice, though stopping short of saying there won't be changes.

Pepsi's MacKenzie argued that CMAs have been in wide use, mostly at the retailers' behest, helping them organize and manage a broad range of promotional activity in all merchandise categories. Further, he noted competition in the soda aisle has never been keener.

Added Coke's Mellett: "When properly implemented, CMAs are in fact pro-competitive benefitting both the trade and the consumer. They lead to worthwhile marketing activities and are therefore both legal and pro-competitive. Any changes will be dictated by the marketplace."

Niche companies

Outside the battle of the cola titans, the so-called "niche" companies have developed. Commonly finding their mark first in small delis and convenience stores, their brands often carry a premium all natural, no preservatives appeal.

That's precisely how SoHo from American Natural Beverage Corp. got started about six years ago. The business has grown from a small hand-delivered group of stores in Brooklyn, N.Y., to cover 33 states and 140 distributors. Now the company also serves a number of supermarket chains in various regions, including part of Safeway, according to Andrew Brennan, vice president, sales.

"It's been built largely on the strength of the brand itself," he explained. "It's pure fruit juice that's pasteurized with a refreshing, but not overpowering carbonation level. We believe today's more affluent soft drink consumer is looking for refreshment and mouth appeal."

SoHo is currently available in 12 flavors, known for their distinctive clear appearance, including black cherry, cream, root beer and natural orange. In a bid to further its penetration in supermarkets, the company recently added 750 ml bottles to its single-serve 12 oz. size. The 12 oz. sizes commonly sell for

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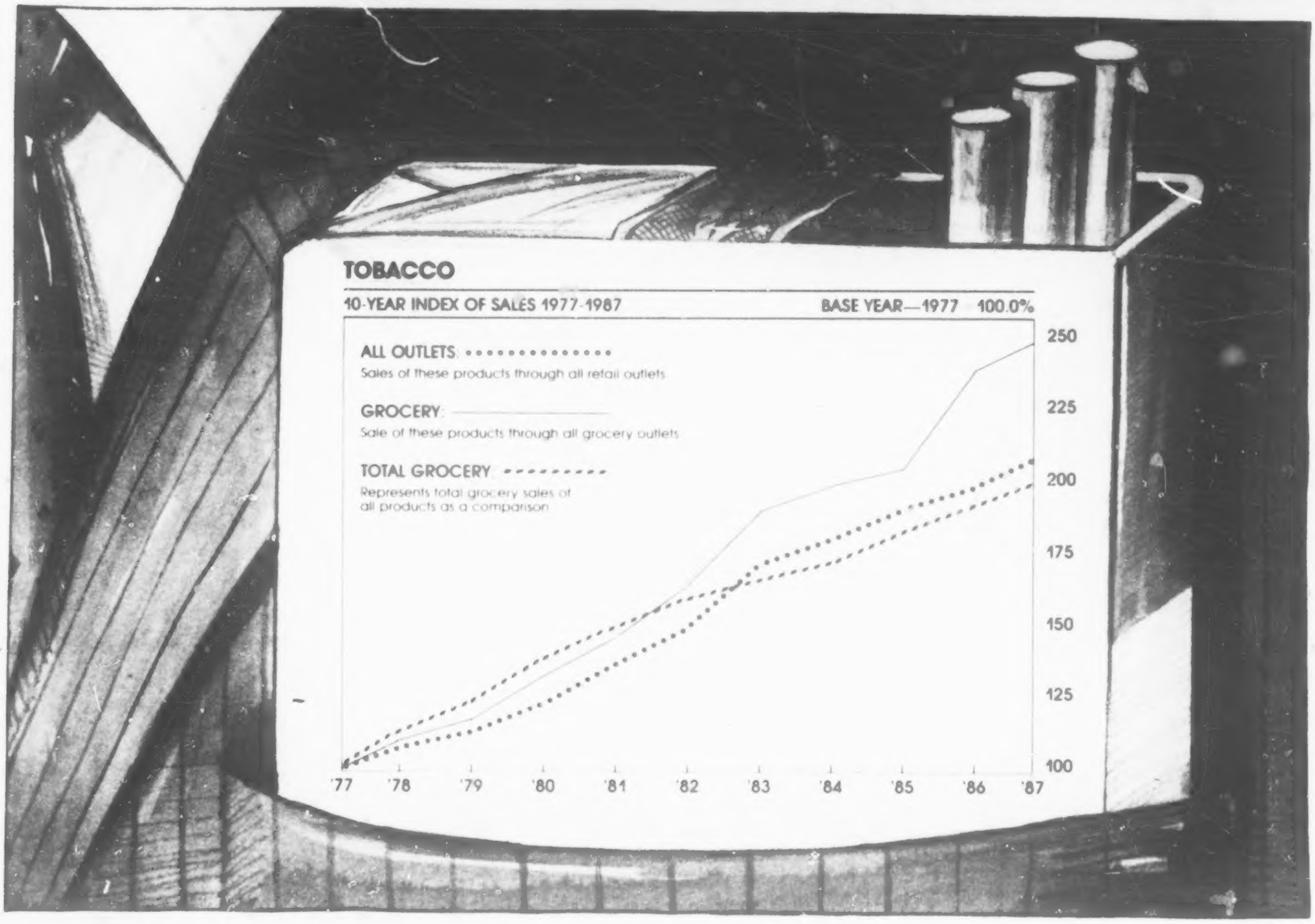
CONSUMER EXPENDITURES STUDY

TOBACCO



Supermarkets are still the chief retail outlet for cigarettes and tobacco products, and industry executives expect that trend to continue.

Despite a myriad of anti-smoking forces ranging from social pressures to legislative bans and liability lawsuits, cigarettes and tobacco products continue to be strong sellers and profit producers.

Philip Morris's Marlboro brand has kept adding to its market share — now at 24 percent — while the so called price-value segment, particularly branded generics, have also grown. Branded generics, such as R.J. Reynolds Tobacco's Doral, occupy a 5 percent share of market, nearly half of the 10.6 percent taken by the price segment. The category has grown from 9.5 percent last year, entirely on the strength of the branded entries. The black-and-white generics have continued their slide, while the larger value 25 packs have also begun slipping, according to industry analyst John Maxwell of Wheat First Securities, Richmond, Va.

Supermarkets are still the number one retail outlet for the category, controlling approximately 29 percent of sales in 1987, according to an industrywide survey conducted by Brown & Williamson Tobacco Company. While that figure has eroded somewhat from 1982's 35 percent — mostly because of the growth of convenience-type stores — tobacco company executives expect supermarekts to continue their dominance for some time to come, perhaps even enhancing their place as Direct Product Profitability measurements become more commonplace. Cigarettes, because of their margins, turnover and size, are generally conceded to be among the top DPP producers in the store.

Coping with bans

In the meantime, marketers have weathered most of the key legislative bans, particularly the New York City restriction on smoking in offices, with little or no dropoff in consumption. Moreover, one of the key liability lawsuits, the Cipollone case, ended last spring with a $400,000 jury award for the plaintiff—the first of its kind—and is currently under appeal by the tobacco companies.

"I think that case will be overturned on appeal," Maxwell offered. "But even if it isn't, this guy has put in between $2 million and $3 million on the case and be's going to get, at best, $400,000 out of it. You don't have to be a Harvard Business School graduate to figure out that he lost."

According to Maxwell, the liability lawsuit trend has dropped off substantially from more than 200 cases filed to fewer than 60 today. The tobacco companies have won all except the Cipollone matter.

Through it all, consumption has been declining at a steady rate of 1.5 percent to 2.0 percent per year in units, while dollar sales have steadily increased due to the now semi-annual price increases for the category. Based on current sales of 564 billion units (individual cigarettes), down from 576 billion a

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year ago in June, approximately 27.5 billion packs are sold annually, yielding roughly $38.5 billion in retail sales. Supermarkets' share of that can be extrapolated to be about $11 billion in sales.

Decline slows down

"There's some evidence to indicate that the rate of [unit] decline is decelerating," Maxwell said. "You're now getting down to the hard core smoker who's going to continue to smoke no mater what. Many of them are blue collar workers, so even the office restrictions won't affect them that much."

But in order to successfully drive sales, the major cigarette companies have become locked in a market share war second to none among consumer packaged goods. All of the companies freely admit their product development, marketing and advertising strategies have been directed at stealing consumers from other brands. As a result, massive brand proliferation has continued unabated to the point where, today, there are in excess of 280 brands, styles and packings available.

Moreover, according to B&W's research, just over 200 brands are required in order to meet 98 percent of consumer demand. Few retailers carry that many.

That tack sent retailers screaming for peace. Caught between a desire to maximize their profit dollars and adequately meet consumer demand, while dealing with restrictive space and inventory investment criteria, retail buyers have commonly thrown their hands up in despair.

Waiting for requests

"Cigarettes are a very big and very important item for our stores," said Dorothy Jones, buyer for Randall's Supermarkets (Houston). "But space is so tight that it's difficult to find room for new brands without deleting other ones. What we've done is to begin storing some of the slower moving items in the back room and holding them for customer requests."

Randall's merchandises cartons on nine- and 12-foot self service fixtures adjacent to a serviced video department in a bid to help control shrinkage. Packs are sold from behind the department's counter, Jones said. While kings and 100s sell for approximately $12.39 per carton, by the pack they're sold at $1.35, yielding an additional nine percent margin.

While brand proliferation may be a headache for retailers, the strategy has served most segments of the industry well, according to the tobacco companies, and is credited with adding to overall market share, or at least slowing declines.

Philip Morris's share overall has grown to 38.7 percent, according to Maxwell, up from 37.4 percent in the 12-month periods ending June 1988 and June 1987, respectively.

Much of that growth — 24 percent of the company's total share — has come from its Marlboro franchise, which is available in a total of 12 different styles and packings. Marlboro, if considered as a company alone, would easily make the Fortune 500 list with an estimated $9.1 billion in retail sales.

"The Marlboro trademark is perhaps the most remarkable in the world as evidenced by the fact that nearly one in every four cigarettes smoked in the U.S. is a Marlboro," according to Michael Mahan, manager of supermarket programs at Philip Morris. "In fact, if the Marlboro brand was a tobacco company in and of itself, it would rank number two. It is important to remember," said Maher, "that our other brands (Benson & Hedges, Virginia Slims and Merit) are also tremendously successful, leading in their respective segments."

"Tobacco products, because of their high retail value and high volume, represent an opportunity for supermarkets," adds Richard Medwar, director of trade programs for the company. "When one looks at all the elements of profit-handling economies, occupancy costs and so on, few if any product categories can claim the contribution to bottom line that cigarettes can. Yet it often seems that supermarkets fail to recognize the potential of the category, and treat cigarette performance as a constant unaffected by either good or bad merchandising techniques and promotion.

"Perhaps the greatest opportunity that supermarkets face in the category in the coming years," continues Medwar "is the growth of package sales. We see the growth of single pack and multiple pack purchases continuing. And because of the high margin in package sales, supermarkets will continue to enjoy growing tobacco profits — even with relatively flat category sales. This, of course, assumes that supermarkets aggressively pursue this business."

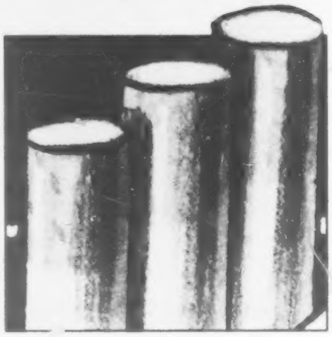
"They can pursue this business," says Maher, "by applying the same good merchandising concepts to packs that most supermarkets do to cartons — specifically, the use of large, centrally located package fixturing sufficient in size to accommodate wide selection and ample inventory depth. As evidenced by the experience of convenience stores," Maher continues, "pack displays and promotions drive the sales of packs higher."

While cigarette sales, in general, are relatively flat and declining slightly in units, for Philip Morris sales dollars, unit volume and market share continue to climb, and the company expects that to continue in the future.

R.J. Reynolds Tobacco USA is seeking to win back some of its sliding market share through a series of aggressive promotion and product reformulations, as well as the first true innovation in the industry in years. According to Maxwell, RJR's share slipped during the 12-month period ending last June to 31.8 percent, compared to 32.7 percent during the same period a year earlier.

New concept in cigarettes

That may change dramatically, and suddenly if the company's new concept in cigarettes



'Customers are looking for their specific product today. And the principal areas are longer, slimmer and value-for-money.'

Market Share Standings

	12 Months Ending		
	June 1988	June 1987	Change
Philip Morris	38.7%	37.4%	+1.3%
RJ Reynolds	31.8	32.7	0.9
Brown & Williamson	11.2	11.2	0.0
Lorillard	8.1	8.0	+0.1
American Brands	7.0	7.0	0.0
Liggett & Myers	3.2	3.7	0.5

John Maxwell, analyst, Wheat First Securities

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catches on. RJR is planning a fourth quarter test launch of a new cigarette that warms, rather than burns, tobacco. The product, whose name and price point haven't been announced, is slated for several unidentified test markets and could be rolled out a year later if successful, according to spokeswoman Maura Payne.

Instead of using a flame or a burning ember as in other cigarettes, the RJR entry will use a heating element. As a result, it's expected to reduce significantly the amount of tars inhaled by the smoker. The concept won widespread attention last year when the company announced it following an apparent leak to the media.

Not satisfied to rely on that one entry, RJR has sought to pump new life into its Camel brand, marking its 75th anniversary with a new advertising and promotional campaign featuring "Old Joe," the camel on the pack.

"We've portrayed an updated, modern-day Old Joe with the tag line, '75 years and Still Smoking,'" Payne explained.

Additionally, the company has launched a follow-up effort depicting Old Joe as an '88er with a Hollywood movie star image called, "Smooth Character." The brand is designed to appeal to a predominantly male audience, with non-filters skewed among older smokers, and filters and lights geared at younger adults. A rugged individualistic quality is also identified in the appeal, Payne said.

New packaging for Winston

Winston, the company's largest selling brand, is scheduled to begin a test of new packaging in the fourth quarter, utilizing brighter colors and a bolder use of the gold eagle emblazoned on the pack. That will help reinforce the brand's new advertising effort geared at "real people, real taste." Outdoor and print ads have been using a portrait style of real life situations, such as one showing a telephone lineman at work.

"Its appeal is to traditional hardworking Americans to whom traditional American values are still important," Payne said.

A similar repackaging effort earlier in the year for Salem, which lays claim to being the number one menthol on the market, led to widespread consumer approval. According to Payne, some focus groups preferred the new style by margins as high as three to-one.

The new packaging features sharper colors, the addition of a sailboat and a highly stylized print. A corresponding ad campaign touts the brand as "the refreshest."

RJR also lays claim to the leading branded generic on the market—Doral—which recently entered the ranks of the top 10 brands overall. The brand receives virtually no advertising support.

Trying to repeat that success, the company also introduced Magnum approximately seven months ago and now is in the process of a rollout to about 24 percent of the U.S. market. The brand has a very stylized pack, featuring a bright red coloring with an Art Deco-ish metallic logo. According to Payne, it carries a mostly male, 21-to-35-year-old appeal.

All hasn't been glitter and gold for RJR, however. Ritz, its designer brand entry roughly two years ago, has met with only

While brand proliferation may be a headache for retailers, the strategy has served most segments of the industry well.

CANDY

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Disney-related instore display materials will help draw attention to M&M Mars' Halloween candy, Hill explains. The company's Halloween candy sales broke previous records last year, Hill says, and he expects even higher numbers this year.

Nestle Foods Corp. (Purchase, N.Y.) is also placing heavy emphasis on promotional activities this year, according to Adair Sampogna, director of Nestle product coordination. Consumers who find the words "Instant Winner" in specially marked Chunky packages, for instance, will receive a free trip to Chunky's Baseball Fantasy Camp in Vero Beach, Fla., where they'll have a chance to play baseball with some of the sport's all-time greats.

Through a joint effort with Vestron Video to promote year-end holiday sales, shoppers will be eligible for a "buy two, get one free" videotape offer by sending in 10 wrappers from any Nestle product along with proof of purchase from two Vestron gift titles.

For '89, there'll be a "major promotion" of Nestle's Crunch bars in conjunction with a well-known charity organization and several other corporations, according to Sampogna. The Nestle Chocolate Group will begin national distribution of Raisinets this fall, but no new products are currently being launched, she adds.

Tom Pagano, vice president of Ferrara Pan Candy, notes a trend toward larger candy packages as opposed to the smaller pegboard packs. His company recently brought out a line of bagged jelly products, including orange slices, spice drops, gum drops, jelly beans and spearmint leaves, that sell for about 79 cents to 99 cents apiece.

The company is also offering floor stands to support sales of its Lemonheads, a hard lemon-flavored candy. Chocolate-covered raisins, almonds and peanuts, introduced by Ferrara Pan Candy in bulk earlier this year, will also be available in grocery-sized packages "sometime down the road."

Fruit Juicers are the newest extension of the LifeSavers line from the Planters/LifeSavers Co. (Winston-Salem, N.C.), according to company spokesman Chuck Wallington. The hard roll candy contains real fruit juice.

Launched early this year, Fruit Juicers are aimed primarily at young adults and children. The product is in keeping with the trend toward healthier snacks, Wallington says.

Gummy candies are also becoming increasingly visible in supermarkets. Brock Candy Co. (Chattanooga, Tenn.), which became the first American manufacturer of gummy products in 1981, began shipping boxes of its new Circus Gummy Candies this April, according to company spokesman Jack Lane.

The new gummies are shaped like circus animals, with six flavors and shapes that come in an Animal Cracker-style box. Retailers can buy 96-pack shipper displays or 24-packs. Each box of lions, tigers, bears, elephants, giraffes and seals has a suggested retail price of 99 cents.

In addition to its bears-only gummies and the new circus gummies, Brock also offers gummy candies in the shapes of dragons, racing cars and worm-like "squirms."

Black Forest (Hull, Iowa), another gummy bear supplier, introduced several new prod-

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Gummy candies are receiving increased visibility in supermarkets.

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Harley-Davidson cigarettes carry a predominantly male blue collar appeal.

limited success and is now being made available in only some metro markets.

Brown & Williamson's approach has been to identify and address key segments of the market while looking at new potential in direct marketing activities. The strategy is showing early signs of success, helping to halt a market share decline at 11.2 percent, according to the Maxwell report.

Capturing widespread attention was the introduction last year and the recent national rollout of Capri, an ultra-slim cigarette with a decidedly female market appeal, according to spokesman Michael Bateman. The cigarette has been formulated with a 17mm circumference instead of the usual 25mm-wide smoke.

Looking for specifics

"Consumers are looking for their specific product today," Bateman explained. "And the principal areas are longer, slimmer and value-for-money for some."

B&W's attack on the value segment has included Richland 25s GPC — a series of black-and-white generic offerings — and Cambridge in both 20s and 25s. To cover all of its bases, the company offers the 25-pack for the price of a regular 20-pack, and its 20-pack at a generic price.

Company president Thomas Sandefur also indicated earlier in the year that more emphasis would be placed on direct marketing opportunities, such as direct mail and the company's own consumer publication, similar to the offering from Philip Morris. B&W will use those methods to test efficiencies in consumer targeting and cost-per-thousand.

Lorillard has stayed out of the price-value segment altogether, emphasizing instead its Newport franchise along with its reliable Kent and True brands. In the process, the company has advanced its market position to 8.1 percent from last year's 8.0 percent, according to the Maxwell report.

Appealing to women

Newport expanded to a total of 122 packings and styles last spring with the addition of Newport Stripes, offered in both traditional menthol and non-menthol varieties in 100mm boxes, according to spokeswoman Sarah Ridgeway. Designed for an appeal to women, the brand has white instead of cork-colored filters and includes stronger graphics on the package.

The non-menthol offering was the first under the Newport banner since the company attempted its ill-fated Newport Reds effort several years ago. This latest version, however, has shown strong signs of success, rolling out to roughly 50 percent of the country with additional markets considered as it gains further acceptance.

"We'll expand it further if we see the opportunity," Ridgeway offered. "But for now the concentration is on introducing it into markets where Newport already has a strong franchise. It doesn't make sense to introduce it into more modest markets because we won't get the 12 facings the line requires."

Portions of the country where the brand is currently available include the Northeast, Southeast and some pockets in the Southwest, she said.

Lighting up a Harley?

In the meantime, Lorillard is continuing to track its lastest entry, Harley-Davidson — like the motorcycle — cigarettes. An example of segmentation to the nth degree, the brand carries a predominantly male blue collar appeal and is currently in test in Indiana, along with several other markets.

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SMOKELESS MANUFACTURERS SEEK TO BROADEN MARKET

Over the last several years, smokeless tobacco products have become vulnerable to higher taxation and restrictions.

Smokeless tobacco products haven't had to endure the same degree of segmentation as cigarettes, but over the last several years have become vulnerable to higher taxation and restrictions. Beginning with an electronic media ad ban in 1986 and widespread tax hikes in individual states, overall volume dropped off last year. Some stability is seen in 1988, according to Michael Kerrigan, president of the Smokeless Tobacco Council.

Sensitive to the charge that advertising was being aimed at potential youthful users, the industry also adopted an advertising code of ethics and dropped many of the sports stars it used for its ads. At the same time, it launched an ad campaign with the message that smokeless tobacco isn't for kids. The campaign has met with approval generally.

The industry also won a major liability lawsuit last year in Oklahoma City in the case of Marsee versus United States Tobacco Company. There are currently no other similar suits pending, according to Kerrigan.

Smokeless products have a particularly regional appeal and generally established consumer demographics. For example, loose leaf is popular in the Southeast, for the most part, while moist snuff has a large market in Texas, Kerrigan noted. Smokeless products have also received a boost in diverse industrial pockets around the country where smoking tobacco isn't practical or is unsafe. But some of that is changing.

Supermarkets play a critical role in the marketing and merchandising of the product, accounting for as much as 40 percent to 50 percent of retail sales, according to Ted Powell, vice president, marketing for Conwood Corp.

"Supermarkets are increasing in importance and while regionality is still important, it's becoming more and more a national market," Powell said.

Conwood is known for its Kodiak, H.B. Scott and Taylor's Pride brands.

Powell said dry and twist plug items have continued unit decline, but that the loose leaf and moist varieties have been leveling off.

"The real key to sales is adequate shelf space and there's always a squeeze," Powell explained. "I don't think it would be if the true profitability of their contribution was known. Smokeless probably contributes among the higest profits in terms of shelf space of any item in the store."

Powell indicated the possibility for additional product introductions only if the company felt it could develop unique attributes for the entry.

—KEN PARTCH and
BRENT FELGNER

CANDY

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ucts at the Food Marketing Institute convention earlier this year, including Chewey Nuggets and a lollypop-style chocolate on a stick.

Baseball and bubble gum

Topps Chewing Gum (Brooklyn, N.Y.), the company famed for its Bazooka brand bubble gum and its baseball cards, has finally brought out a sugar-free version of Bazooka bubble gum, destined to be a big hit with parents. "Youngsters might not buy the sugar-free pack but Moms will," says John Sullivan, Topps vice president of sales and marketing.

The company recently made its first appearance in 15 years at the Food Marketing Institute annual convention, to promote the sugar-free gum along with other new products, including several new baseball card packages, to coincide with the revitalized baseball card collecting craze. "Baseball cards have become popular in the last two to three years," Sullivan says, "so we created a special pack for supermarkets."

The new package, which began shipping this spring, is called a "jumbo pak." It contains 90 cards and two sticks of bubble gum, and carries a suggested retail price of $1.99.

In addition, for the first time, Topps is including one baseball card in its Bazooka "party pak," the familiar boxed package of regular Bazooka. The cards in the boxes are of 22 of the sport's best-known players, according to Sullivan, so kids will want to collect them all. The 22-card series is available only through the party paks.

The company has also created a new soft pack of Bazooka, and is offering a variety of floor displays and other POP materials to support sales of its products.

Also in keeping with the baseball theme, Leaf (Bannockburn, Ill.), another major confectionery supplier, late last year signed its first three-year contract to act as a corporate sponsor of major league baseball. "Baseball is the biggest sport in terms of attendance, and it delivers more women and children than the other sports," according to a company spokeman. The agreement represents the first leaguewide sponsorship by a candy supplier.

Leaf is offering retailers an eight-box floor stand with a five-brand assortment of single candy bars that incorporates a tear-off entry blank for a $25,000 grand prize consumer sweepstakes tied into the baseball promotion. More than 200 million specially marked candy packages also contain instructions for entering the contest. The company is also working with the 24 major league teams in the U.S. to conduct local sweepstakes, bat boy/girl promotions and other activities.

Wm. Wrigley Jr. Co. (Chicago), the popular chewing gum supplier, recently began shipping two new flavors of its Xtra sugar-free gum, according to Mike Wentrup, director of division development. The new cinnamon and winter fresh flavors bring the total to five; peppermint, spearmint and bubble gum flavors remain in the line.

The company is also continuing the Value Pricing Program it introduced to supermarkets last year—the five-stick packages of Wrigley's Spearmint, Doublemint, Juicy Fruit and Big Red sell for 25 cents. Eighty-six percent of supermarket chains are handling the five-stick packages, according to Wentrup.

More space, more profits

But bringing out new products doesn't necessarily mean bringing in new sales. Candy and gum, like all products, have to be seen before they can be sold, and that means giving them the space and location they deserve.

Direct product profitability (DPP) is higher for candy than it is for most other products sold in supermarkets, according to a survey conducted by Touche Ross (San Francisco) for the McLean, Va.-headquartered National Confectioners Assocation. The study, based on one-year sales in 20 Schuck's and 20 Dominick's supermarkets in the Midwest, measured the performance of total candy (aisle, checkout and holiday candy combined), and holiday candy alone.

The results indicated that candy delivers high traffic, high profits and high increased profits for added space. Holiday candy, it showed, delivers twice the average candy sales and therefore, higher profits.

According to the study, DPP for total candy is $1.66, compared with $1.20 for the total store, and holiday candy DPP is an ultra-high $4.55. Additional profitability for each extra square foot allotted is 64 cents, compared with 19 cents for most other products, the survey indicated.

The study also showed that candy provides 35.8 percent gross margin, compared with 21.6 percent for the average category, and that candy brings in $1,118 gross margin dollars per week per store, nearly twice the $622 for the average category.

"The bottom line is that candy is a profit producer, and it pulls up the store average," says Philip Kimball, communication director for the National Confectioners Assocation. "If you give it more space, candy will be more profitable than most other products sold in supermarkets.

"Holiday candy, with a DPP of $4.55," he adds, "is a real profit producer."

There's been a rejuvenation of the candy industry's promotional programs, with a focus on getting information and promotional material to retailers, Kimball notes. The All-Industry Public Relations Program, an industrywide campaign established in 1985 to build consumer interest in the category, was reshaped late last year to promote confectionery directly to retailers, he says.

—AMY LIPTON

'If you give it more space, candy will be more profitable than most other products sold in the supermarket.'

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While Lorillard has stayed away from the price-value segment, Liggett & Myers has made a head-and shoulders commitment to the category, and is credited with launching it several years ago. But until recently Liggett let its fortunes rest with the so-called black-and-white segment, which entered a sharp decline when other players entered the fray.

The company has recently begun to fine tune its strategies, but is continuing to lose share. Maxwell shows it at 3.2 percent in the year ending last June, down from 3.7 percent the year before.

The fine tuning has involved a shifting of strategies designed to emphasize its private labeling, resulting in what's been termed the first private label near-national brand. Liggett recently launched a program with convenience store wholesaler McLane to provide its stores with a name generic. Other wholesalers have also become involved on a smaller scale, according to spokeswoman Carol Jova.

"We're really concentrating heavily on the price-value segment because that's where a large portion of our strength lies," she said. "We're able to go into various niches and satisfy consumer demand."

Currently, Liggett offers more that 300 different package configurations.

Entering the fight for the market on the branded and larger pack side, Liggett also recently reconfigured its L&M brand to a 30-pack, selling for the price of 20 cigarettes to the package. The product has been in test for the last several months and is currently being rolled out further to additional selected markets, according to Jova.

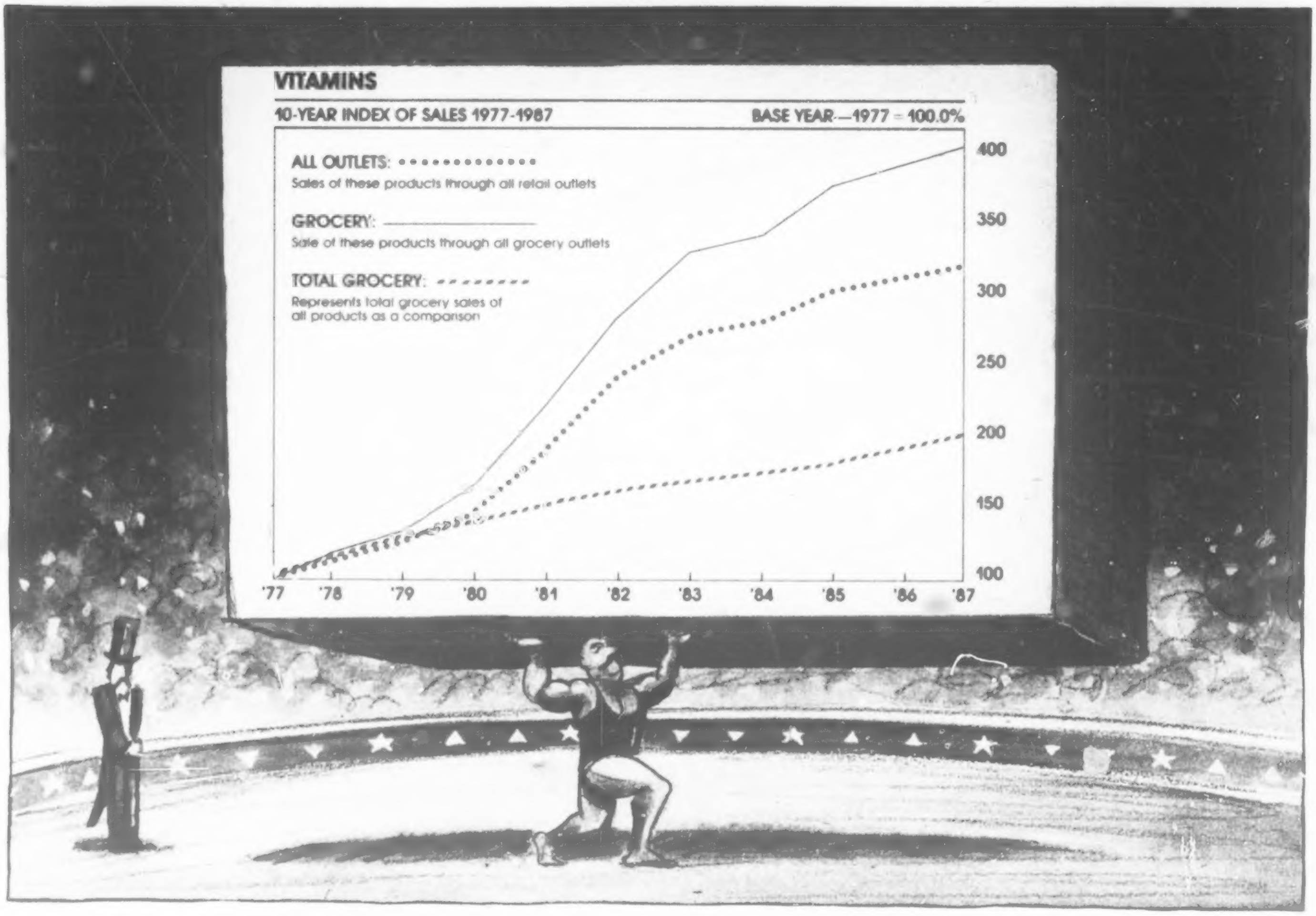
In the meantime, the company hasn't been totally divorced from regular brands, enjoying its seventh consecutive year of growth with Eve 120s, which has nearly doubled its units over the last five years to 2.1 billion.

It's currently introducing Eve Ultra Light 120s in selected markets where the regular Eve brand is strongest, Jova said.

KEN PARTCH and
BRENT FELGNER

CONSUMER EXPENDITURES STUDY

VITAMINS



Vitamin market needs some of its own medicine to combat sluggishness; segmentation and uninspired marketing cited as part of the reason.

Health and nutrition concerns may dominate consumer trends in a variety of food categories, but vitamins, themselves, seem to need a shot in the arm.

Industry executives have pointed to a variety of causes including pricing, competition with an aggressive food market pushing its nutritional benefits, a continuing segmentation of the vitamin market and negative publicity from the medical establishment concerning the value of some supplements. Moreover, at least one executive of a major vitamin maker cited an overall lack of brand commitment to highly competitive vitamin lines.

"They've just gotten into a horsepower race," offered the marketing executive, who requested anonymity. "Instead of trying to grow the market they're just trying to steal users from each other. They should be explaining why people need to take vitamins.

"Consumers, I think, are bored with the category because they see no obvious payoff. What's amazing about this category is how quickly it reached maturity and I attribute that to the lack of a long term aggressive marketing plan."

The executive noted that overall advertising expenditures in the category have been declining in the past five years.

Whatever the causes, an industrywide estimate indicates the market dropped approximately 8 percent in the calendar year ended last December and since then has been flat or in a slight decline, according to Norman Guziewicz, vice president, marketing for P. Leiner Nutritional Products.

"That's far from saying it's a strong market, though. It's still very soft," he offered.

If not strong, the market is huge. At least one in three Americans takes some form of vitamin in tablet form adding up to an approximately $2.5 billion category. Still, demand has been dropping to the point where food manufacturers are now the largest purchasers of raw vitamins and nutritional supplements in bulk form, Guziewicz said. That, in turn, has pushed prices even higher — 30 percent higher for raw materials over the past year.

Segmentation to blame

Segmentation appears at least partly responsible, with a variety of supplements — such as fish oil and calcium — hitting the market with a splash, then suddenly beaching themselves as sales dry up. Commonly, it's been a government or medical group's report that has debunked the value of the particular item, or at least raised questions as to its qualities, executives said. In the meantime, consumer attention, and the trade's precious shelf space, has been diverted away from the category's staple, the multivitamin.

Calcium supplements may be in the process of doing that right now, some executives suggested.

Lederle's Caltrate, which entered the market with the surge in calcium products roughly a year and a half ago, has sustained its sales levels through aggressive promotions, principally to the trade, said Nancy Reagan of Alliance Food Brokerage, Seattle.

"It's shown some good growth but in some cases, it's come at the expense of the staple vitamin items, such as the multis," she said. "Part of the problem right now is that private label brands are showing themselves to be very competitive, mostly through price comparisons."

If there is a shakeout among calcium supplements, it most likely won't involve Oscal, from Marion Laboratories, said Mike Moore, of Acme Food Brokerage, Detroit. Marion entered the market decades ago with Oscal as its primary brand.

"It's been aggressively promoted, even though there's been some negative press lately," Moore stated. "Category growth has slowed and I think Marion now should be looking for ways to expand the market, as well as win additional floor space at retail. Retailers often tend to treat HBA as a necessary evil and, as a result, the category isn't where it should be."

In addition to calcium supplements, cholesterol control, specifically niacin, amino acids, triptophan, and beta carotin are currently showing signs of a possible sudden surge in growth, according to Guziewicz.

In the meatime, P. Leiner is readying an introduction of Coenzyme Q-10, a popular substance in Japan purported to aid some aspects of circulation, possibly later this year.

A tougher price game

Multi-Vitamins, in the meantime, have fought to maintain their shelf space, not only against the segmented items, but against an increasingly tough price game involving private label goods.

Squibb's Theragran, while still a leader in that category, has conceded substantial market share and shelf space to a more aggressive attack by Lederle's Centrum, according to industry executives. Both offer high potency formulas, in the case of Theragran, including a stress and mineral variation.

"That has to do with the number of promotions," explained Alliance's Reagan. "We've commonly offered a double bonus pack consisting of 100, plus 30, plus 30. And we've become very aggressive at store level with couponing and FSIs."

Reagan suggested that many of the supplements are often viewed as fad items bringing back multi-vitamin users, once the fad has died down.

A variation of the multi-vitamin theme has been the growth of vitamin packs in varying formulations, according to P. Leiner's Guziewicz. The company has been rolling out the Your Life Daily Pack, consisting of several tablets packed in groups for daily use.

The formulations so far include packages for men, for women, for high stress lifestyles, for heavy physical activity and a cholesterol control pack. The packages are sold in boxes of 30, covering the entire month, at a price point approaching the $10 mark.

The company is backing the entry with print and television advertising in its stronger markets, Guziewicz said.

Yet that advertising potentially could be compromised by food industry competition and negative media.

"One of the best things happening today is the growing interest in nutrition and preventive medicine," Guziewicz said. "But the bad news is that if people eat fortified foods, they think they're getting all the nutrition they need. Few of them actually read the labels."

He also cited instances where the food industry has taken direct aim at vitamin manufacturers, such as the dairy industry's advertising campaign aimed at calcium supplements, and the increase in juices fortified with calcium.

According to Guziewicz, a study of media stories on vitamins indicated that they ran about 90 percent favorable in the early 1980s, but have dropped to about 50-50 today.

But the problem with that reasoning is that the vitamin industry hasn't realized that it's really in the health food industry, argued Richard Krueger, vice president, sales and marketing for Vita-Plus, Las Vegas. Vitamins compete with all food products in health food and grocery stores, creating strong pricing and marketing challenges, he said. In the process, Krueger made an argument that the vitamin industry can be even more segmented than it has been.

"They should be targeting specific areas such as the aging population, health-conscious young adults, atheletes and children," he said. "Everyone's in a hurry today and the message can be given that picking out the right vitamin is easier than picking out the right foods."

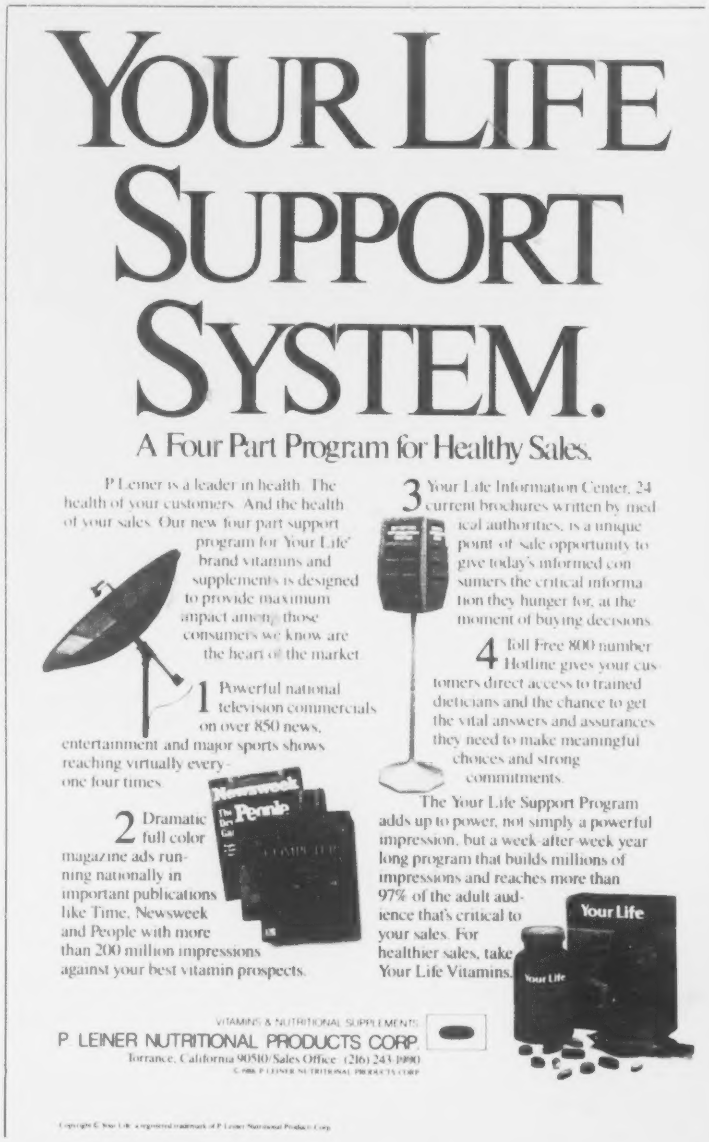
Vita-Plus is currently in the process of introducing Rejuvetol, an herbal formula said to help blood flow. Among its other products are Fiber 500 and ERS—Energy Release Substance.

Still, market pressures have prompted Vita-Plus—a 15-year-old company—to begin considering diversification into other areas, such as lotions and cosmetics, in order to broaden the company's base.

More commonly, though, industry executives noted the potential for a consolidation of smaller companies as the market continues to tighten.

— BRENT FELGNER

A variation of the multi-vitamin theme has been the growth of vitamin packs, with tablets packed in groups for daily use.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HEALTH & BEAUTY AIDS

Still convinced it lost users following tampering incidents, Johnson & Johnson is planning what retailers term an interesting launch—a gel-cap.

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condoms positioned at the counter. A spokesman for Fry's confirms sales are up because of the visibility of the department. Across the country, retailers say condom sales gains are exceeding 20 percent over last year, paced by the fear of AIDS. For many, last year was the first year the products were even sold in supermarkets.

Condom sales potential great

Food stores, however, still control a smaller portion of the $200 million condom business than drugstores. According to Scott Hoyt, group product manager for Carter-Wallace, makers of Trojan brand, food stores have a great deal of potential.

Christie Frazier, nonfoods *specialist for Bashas', agrees.* She's noticed an interesting trend in her stores. "In our 24-hour stores, our condom business has doubled," she chuckles.

Bashas', like many food retailers, turns over 4 linear feet to the department. Condoms are housed near feminine hygiene to create a Family Planning Center. Buyers surveyed report Trojan is the number one moving brand, although they are tinkering with the mix to include some of the brands aimed at women such as Mentor. According to Hoyt, women account for as much as 40 percent of all purchases. According to Nielsen data, Trojan brand controls close to 60 percent of the market, followed by Schmid.

Current trends in the category include a move to condoms with nonoxynol-9, a spermicide reported to kill the AIDS virus. The AIDS fear has also bolstered sales of Ansell's Lifestyles brand because of its aggressive advertising tacks, buyers say.

Although 36-counts are catching on at drugstores, Frazier says food store shoppers prefer the lower price points of the 12-count packages. The success of the condom category has been good news to food store operators—margins are put in the attractive 35 to 40 percent range.

Another category generating tremendous sales gains last year was analgesics, the largest HBA classification in food stores, accounting for 11.1 percent of supermarket HBA volume. It is such a powerful category for supermarkets that Hannaford Bros.'s Shop 'N Save in Glens Falls, N.Y., has 22 variations of Tylenol. Says regional vice president Ron Hodge, "If we are going to capture those customers who would typically go to a drugstore for an analgesic, we have to offer the widest possible variety. Certainly turns are a trade-off, but it helps in getting the reputation for carrying everything available."

Recently, the most dramatic development in the $1.5 billion category was the report linking aspirin with prevention of second heart attacks. According to figures from SAMI/Burke, that news created a 51 percent spike in aspirin sales in food stores. What is critical to note, says Warren Spence, SAMI's vice president for HBA marketing, is that food store increases were higher than the 45 percent registered in drugstores.

Analgesic sales also received a shot in the arm from the overwhelming acceptance of products with ibuprofen such as Advil, Nuprin and Medipren. According to one source, Whitehall's Advil was the first out of the gate and continues to outsell Bristol-Myers Nuprin three-to-one.

Still convinced it lost users following tampering incidents, Johnson & Johnson is planning what retailers term an interesting launch—a gel-cap. This is a capsule dipped in a gel to create the look and feel of a capsule without the threat of tampering. Although retailers say J&J is smart and will work with the product, they feel it could cannibalize caplet sales.

Deodorants: Aerosols driving

While the leading analgesic manufacturers are fighting it out for their share of that market, an even tougher battle is brewing in the second largest HBA category in food outlets—deodorants. Just when the wide solids had grabbed the spotlight, according to a source at Tom Thumb, aerosols are making a new sales drive.

Fear of depleting the ozone layer propelled sales of solids, particularly the wide-mouthed brands, over the last few years. In fact, most supermarkets pared space devoted to aerosols in favor of roll-ons and sticks. Now they are bracing for the attack of the new aerosols. Procter & Gamble, which markets Sure and Secret, the market leaders with shares in the 24 percent range, has added a new solid and aerosol. Colgate is testing a unisex Irish Spring line and Lever is testing Trust. Mennen, which gained a foothold in the business with the success of Speedstick and Lady Speedstick, now plans sprays for these two strong names.

The only downside to the category's rampant growth has been merchandising headaches for retailers. "We have to make so many planogram changes," laments Ory. Adds Frazier, "The new additions just keep splitting a limited pie."

One area did provide incremental business for retailers last year—the advent of children's toothpastes. The debut of brands aimed at children via the promise of good taste, created a 104 percent growth in children's dentifrice brands, according to Towne-Oller. Chains such as Kroger and A&P created special subsections within toothpastes to accommodate the brands.

But not all chains are singing the praises of children's toothpastes. For Frazier at Bashas', they've been a disappointment.

Instead, some chains have seen a sales boom thanks to "and benefit" products such as Colgate's Mouth Rinse.

And according to Jim Mozingo, director of business development for Chesebrough-Pond's/Lever, there's plenty of potential in the toothbrush category since dentists are recommending a more frequent change of toothbrushes.

Mozingo also predicts a bright future for hair care in food stores, a category where his firm's Rave hairspray is already showing impressive sales gains.

The general trend in supermarkets, says a source at Vons, is to professional lines supplied either by a rack service or on a direct basis. Although mass lines such as S.C. Johnson's Salon Selectives and Revlon's Clean and Clear are doing "exceptionally well" in retail stores, many are trying to add professional lines like Sebastian and Paul Mitchell.

The struggle to find more space for larger HBA departments continues. In fact, such sources as Ralphs, Bashas', Publix and Stop 'N Save report their challenge is to find ways to make their existing space more productive, rather than to find ways to enlarge the department. Nonetheless, the HBA area continues to generate terrific gross profits, concludes one source.

Many chains, however, are still expanding HBA space, especially in the cosmetics department. Schwegmann has created a boutique complete with glass cases. Vons has added roving cosmeticians in its Pavilions units and in Houston, Gary Crawford of Randall's says his chain is rated as the top outlet for cosmetics—even ahead of local department stores. Buyers select Maybelline and Cover Girl as the fastest moving brands.

Another dynamic health and beauty aid category in food stores last year was eye care, a department manufacturers say remains underspaced in most supermarkets.

"It is one of the hottest areas for us," confirms a source with Supermarket Services, the health and beauty aids arm of A&P (Montvale, N.J.). "We would like to give it more space."

Retailers are enjoying double digit growth in the $1 billion eye care category. Some, eager to reap the 35 percent gross margins, have upped their commitment. Schwegmann in New Orleans, for instance, allots 18 to 21 feet to eye care, an increase of three feet over last year. According to Robert Thompson, director of solutions marketing and sales for Boston Lens, a retailer needs at least 16 feet to be "in business."

But many supermarket retailers still shy away, says Mark Morris, marketing manager of lens care products for Bausch & Lomb (Rochester, N.Y.), the leader producer of eye care products.

"We've had a compound growth rate of 18 percent over the last five years, yet the department doesn't get the recognition it deserves because not everyone wears contacts."

According to Morris, there are 17.5 million lens wearers. They are extremely brand-loyal and wear what their doctor prescribes. Therefore, out-of-stocks can be a disaster in eye care.

"We've seen research that shows 70 percent of users will go to another store if their brand is not in stock."

The problem for retailers is understanding the numerous SKUs required to serve a lens wearer's needs. That's been further complicated by a rash of new entries.

B&L's number one selling Sensitive Eyes has been challenged by Schering's Ocuclear, Cibavision and Murine. Cibavision has been aggressive with starter kits given to doctors as well as sharp deals to retailers.

Murine, a strong name in the tears segment, has entered the contact lens business. Schwegmann, says buyer Ann Ory, has helped it by allocating two three-foot shelves to this line alone, as well as running feature ads and price cutting promotions.

B&L is even competing with itself via the introduction of a new line called ReNu. According to Morris, this line features new technology. The basic difference is a breakthrough preservative, he adds.

"Five years ago, doctors were getting people to follow the proper regimen. Now the key is convenience—fewer steps. That's why we came out with ReNu," he explains.

Finally, retailers add, there's been a willingness by customers to try new forms such as aerosol unpreserved salines. These offer a lower monthly maintenance cost.

—FAYE BROOKMAN

Eye care, a category manufacturers say is underspaced in most supermarkets, is becoming a hot area.

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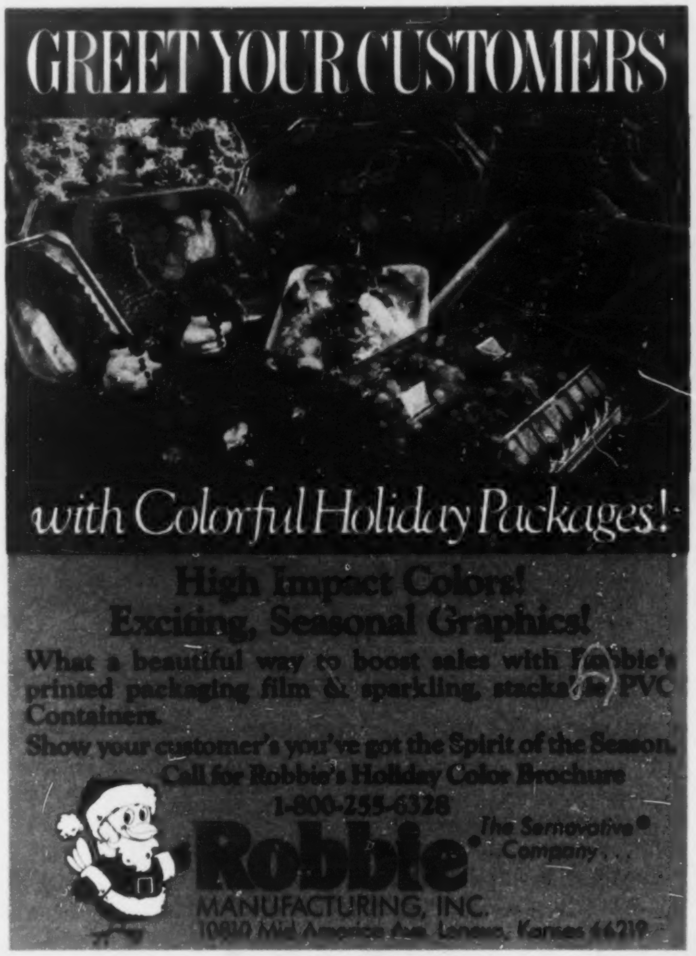
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CEREALS

'People don't eat just one cereal. They may have four or five favorites.'

Continued from page 135

an estimated 41 percent share of market, with General Mills a distant second, registering in the low 20 percent area. Yet other companies in the market — such as Nabisco, General Foods' Post brand, and Ralston Purina — were far from disheartened. Instead, they pressed forward with the knowledge that movement of just half of a share point was worth upward of $30 million in new business.

Introductions of new adult and all-family cereals have extended the reach of that rapidly developing subsegment to more than 50 individual lines, each, in most instances, offering several sizes and packaging configurations.

Kellogg's led the charge with five recent introductions, all of which can be included as part of a low-fat, low-cholesterol diet, according to Marie Kitlas, a spokeswoman for the company.

"Today's consumers are interested in health and nutrition" she states, "and these cereals are designed to meet the needs and preferences of health-conscious consumers."

Five new products

The new products are: Common Sense Oat Bran, Common Sense Oat Bran with Raisins, S.W. Graham Shredded Biscuits, S.W. Graham Shredded Biscuits with Honey and Nut & Honey Crunch Biscuits.

All five are currently in a national rollout and should be available in the fall, Kitlas said. They join two other product introductions earlier in the year, also in the same high fiber category — Nutrigrain Biscuits and Bite Size Mini Wheats. With consumer interest in the category still increasing, additional introductions from Kellogg's could be forthcoming.

"Breakfast has always been considered by nutritionists as one of the most important meals of the day," Kitlas said. "Cereal products fit right into that breakfast meal. Along with that it's also convenient and easy to prepare. The cereal products themselves fit right into the healthy [and rushed] lifestyles consumers are following."

Quaker Oats introduced two new ready-to-eat products in the past year.

Quaker Oats Squares was rolled out nationally this summer following a test period through the central part of the nation. It's a whole grain product that's lightly sweetened, thereby carrying broad appeal to both children and adults, according to Botrell.

Significant in that introduction, however, was that it marked the first time the company has crossed over the Quaker man trademark from hot to cold cereals. The image is the dominant feature on the package.

"It's the first ready-to-eat cereal that really trades on the recognition and positive feelings people have about the Quaker man," Botrell said.

While the cold cereal appears to be attempting to capitalize on the company's hot cereal franchise, Botrell indicated it wouldn't come at the expense of the hot cereal.

"People don't eat just one cereal," he said. "They may have four or five favorites and they'll vary their cereal depending on preference, the season of the year, promotions and sales. So there is a natural cross-over."

Oatmeal inroads

On the oatmeal side, Quaker remained in absolute control with fully two-thirds of that segment. Yet, General Mills also made some inroads and helped the entire market grow through its Total oatmeal entries. That activity helped reverse flat or slightly declining sales to help the category rack up gains estimated at between 15 percent and 20 percent this year.

They were the first major national introduction from General Mills of a hot cereal, joining smaller regional brands from the company. All five are fortified with 100 percent of the Recommended Daily Allowance of 10 vitamins and minerals.

Quaker wasn't exactly quaking but at the same time it hasn't allowed the introduction to go unanswered. The company recently announced the nationwide introduction of a fortified Instant Quaker Extra, designed to do head-to-head battle with the General Mills products.

—BRENT FELGNER

WORKING WOMEN

Continued from page 43

work status and attitudes toward work determine how they want to be portrayed in advertising and how they can best be reached. The Roper data support that. If you are an advertiser who wants to place television commercials during the day directed at women aged 18 to 49, for example, you might conclude that most of your viewers are "typical housewives."

Data from the Nielsen television-ratings service would confirm your assumption: Only 35 percent of women aged 18 to 49 who watch network TV during the day are working women. Are the other two-thirds housewives, then? Not exactly. Nielsen defines a "working woman" as one who works 30 hours or more per week. The company lumps those working fewer hours with those who do not currently work, resulting in a large group of "housewives," even among 18-to-49-year-olds. Yet the data presented here show that the overwhelming majority of women aged 18 to 49 have been a part of the labor force during the past two years. In fact, a recent NBC study shows that two-thirds of the 18-to-49-year-old women in the daytime television audience are currently in the labor force or only temporarily not working.

Further, even if women are not currently working, they do not think of themselves as housewives. In the new NBC study, we asked women about their ideal lifestyle. Only 20 percent of all women aged 18 to 49 chose "mainly homemaker or mother." The rest chose "combine working woman with homemaking" or "mainly working woman." This is true not only of women who work continuously but also of women with discontinuous work patterns.

Any audience of women— whether it's a television, radio, newspaper, or magazine audience— contains a much higher percentage of women who consider themselves to be working women than the standard statistics indicate. Marketers who adhere to simplistic definitions of working women risk making big mistakes in the placement of their ads in the images of women in their messages. ■

SPECIALTY FOODS

Continued from page 185

problem has been encountered in accurately defining the category. While it's possible to identify specific specialty or gourmet products, generalizing about their unique attributes is much more difficult and complicated considerably by traditional and larger suppliers' entries into formerly gourmet items. For instance, witness the variety of frozen entrees under such mass market banners as Le Menu, the repositioning of Goya well beyond its ethnic base and the growing number of fresh and specialty pastas.

"Why do you think Gulden's got involved with Dijon mustard?" asked Richter. "They saw an opportunity in a growing market as well as a potential competitive threat to their existing business."

As a result, it's no longer enough to identify gourmet foods as high quality, natural, or ethnic in nature. Among their few unique characteristics are higher than typical price points and profit margins.

"Gourmet can be almost anything you say it is," according to Morris Kushner, a specialty foods consultant and often credited with being a founder of the specialty food industry. "At one point virtually every ethnic food was a specialty until its presence and use became widespread. Time after time we've seen today's specialty food become tomorrow's staple."

Despite the difficulty in defining gourmet products, there are some very specific subcategories that lead the industry including: coffee and tea; jams, jellies and preserves; cheeses; chocolates; pates and other meats; pasta; fish and seafood; and a variety of sauces, such as pesto. Particular cuisines that are currently popular include Mexican and Cajun items, according to Ron Tanner, a spokesman for the National Association for the Specialty Food Trade (NASFT).

On regular shelves

Further blurring the lines of distinction between the specialty and mass markets—and, many believe, helping to further increase volume—has been the trend toward integration of specialty items onto the regular supermarket shelves, rather than simply isolating them within the confines of their own section. In some instances, retailers have chosen a cross-merchandising approach, retaining their gourment departments while also providing shelf facings in their respective food sections.

"Specialty foods weren't really popular in supermarkets until about four or five years ago and over the past year, the trend has been toward integrating them onto the regular grocery shelves," says Gary Muzyka, a buyer for Big Y stores, based in Springfield, Mass. "Many chains were scared to use that approach at first but found that most items lent themselves to merchandising next to the major brand names offering the same products.

"That approach provided the specialty items more exposure, capitalizing on the consumer's willingness to try new items on impulse, thereby yielding a much higher gross profit."

Package downsizing

For their part, specialty food manufacturers and importers have actively moved to keep their products at least comparable in price—on the high end—with their mass market counterparts by substantially downsizing their packaging. For instance, a specialty jam that would ordinarily sell for $9.00 in a 16 oz. jar might be repackaged in a 4 oz. container with a $2.50 or $3.00 price point. While still priced substantially higher than mass market brands, many consumers have found that pricing approach more palatable and, as a result, will experiment with the gourmet brand, according to the NASFT's Tanner.

From the retailers' perspective, specialty foods have also helped enhance their market position and image, competitive stance and gross margins.

Gourmet items have become a made-to-order category for retailers seeking to upgrade their quality image and attract more upscale, higher transaction customers. And, they've been less prone to price footballing.

"More and more chain stores are in a position of having to identify where they are going to be in the market over the next few years," Richter said. "They're in the difficult position of having to begin differentiating from the deep discount operations like the wholesale clubs and hypermarkets. One of the most successful tacks they can take is to do that on the basis of quality."

With gross margins commonly in the 30-to-35 percent range, turnover has varied widely by item, ranging from just three or four times to as much as 14 or 15 times.

According to Big Y's Muzyka, the challenge is to achieve a balance between return on investment criteria and the importance of offering variety. Poised recently to discontinue 25 gourmet tea items based on a new shelf management plan, Muzyka and several colleagues visited a nearby competitor to find nearly 100 teas on its shelfs. The decision was immediately reversed.

"We've also found that turns on specialty foods are often quicker than or at least comparable to those for non-foods," Muzyka said. "But it requires a lot of attention to fine tune the sections so that the inventories on faster moving items are more than adequate."

For that reason, many distributors have developed service programs, including racking, for the category that's designed to keep shelves fully stocked out and inventories rotated and current, said Broyles, of A. Greenhouse & Co.

Still, there have been problems peculiar to the nature of specialty foods suppliers that have limited their penetration and prompted bitter complaints from some. Since the gourmet suppliers are commonly smaller firms their products are often picked up by a chain on a regional basis first. But when it becomes necessary to expand other regions or participate in a chainwide rollout, manufacturers have sometime been pushed beyond the limits of their capacity, said Tanner of the NASFT.

Moreover, the companies' often limited resources have made the traditional slotting allowances required by many chains a bitter pill to swallow.

"They've got to be brought under control or there will be no way for smaller companies to compete against the giants," argued Kushner. "There's no way these companies can come up with thousands of dollars per store per item in order to get their products in."

"Slotting allowances have garnered a lot of publicity and it's clear to everyone these companies can't pay those kinds of fees," said MacLauchlan. "But in most instances they're negotiable and creative ways can be found to provide the equivalent allowance."

—BRENT FELGNER

'Gourmet can be almost anything you say it is. At one point virtually every ethnic food was a specialty until its presence and use became widespread.'

DAIRY

While in the early days of its boom yogurt may have been seen mainly as a light lunch, suppliers are now trying to find alternative positions for it.

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Naturals" cheese products, which include low-cholesterol versions of Monterey Jack, colby, mild cheddar and Swiss cheeses with one-third less fat.

The dairy product benefiting most from the health craze is yogurt. Not only has the low-fat status of yogurt helped turn it into the fastest growing dairy category, it has become one of the top 10 growth products in the whole supermarket. Suppliers have responded by introducing new flavors, configuration and packaging ideas aimed at catapulting yogurt into the American mainstream.

The double-digit growth that yogurt underwent several years ago may be slowing down. "Yogurt is still in a growth pattern, but it has flattened out," reports Dick Billstein, dairy manager for Diebergs Supermarkets, headquartered in St. Louis.

With a penetration of 40 percent, though, yogurt still has a long way to go before it can be said to have exploited its full market. It's a figure that gives yogurt suppliers hope for continued growth.

Sales figures for yogurt still vary wildly by region; the category is much better established in the Northeast, the West and in Florida than it is in the Midwest and Southwest. The task ahead for suppliers is to make yogurt a staple in areas where it is still considered somewhat exotic.

Dannon's latest broadcast and print ad campaign shows Americans from the nation's heartland eating yogurt. One spot shows a group of cowboys spooning down the good stuff, while a voice-over intones "20 years ago, if you were caught eating Dannon Yogurt in Jackson, Wyo., you might have been considered a little strange, but that's changed."

"We're showing people eating yogurt that others can identify with," says a Dannon spokesperson. "They aren't health-food faddists. They're people interested in healthy eating, not necessarily in 'health foods.'"

While in the early days of its boom, yogurt may have been seen mainly as a light lunch, suppliers are now trying to find alternative positions for the product. Six-packs of 4.4-ounce containers present yogurt as a snack food; custard-style premium yogurts turn it into a dessert. Dannon has entered into a cross-promotion with Quaker Oats to encourage yogurt with breakfast.

Meanwhile, NutraSweet was recently approved for use in yogurt products. Artificially sweetened yogurt products should be hitting the marketplace soon, providing waistline-conscious consumers with another way to whittle calories out of their diets.

Cheese in growth spurt

Another category finding good growth is cheese. Per capita consumption of cheese has tripled over the past 30 years. Last year's consumption was 23.9 pounds per person, a figure that is expected to climb to the 35-40 pound range during the 1990s.

Aside from the trend toward low-fat, low-sodium cheeses, consumers are also buying cheeses that are packaged for convenience: shredded, sliced, extruded or individually wrapped. Cottage cheese suppliers have started to put fruit on the bottom of individual-serving containers, posing competition for yogurt.

An expanded consumer definition of the uses of cheese may help fuel growth in per capita consumption. Some suppliers are aiming cheeses specifically at children. And retailers should consider merchandising cheese as a breakfast food.

Breakfast education needed

"People are used to eating cheese for lunch in sandwiches, or incorporated as an ingredient in a dinner entree," says O'Connor of the IDDA. "But stores can impress upon people that some cheese varieties are excellent served in a table format. At breakfast, you can take some slicings, and eat them with fresh fruit and a piece of toast, a slice of bread or a muffin."

The market for specialty and imported cheeses is thriving. Although domestic cheeses still account for about 85 percent of all cheese sales, specialty cheeses are grabbing an increasing amount of the total market: specialty cheese sales growth is about 4 percent, as opposed to 2 percent for domestic cheese.

Considering the extent to which health considerations presently dictate dairy buying patterns, the specialty cheese category presents an anomaly. Triple creme imported cheeses, high butterfat content and all, are thriving. "It's a dichotomy," says O'Connor. "Consumers are eating more and more diet foods. At the same time, they're eating calorie-laden foods. We're seeing a lot more two-income families, and they have more dollars to spend. People work hard during the day, and maybe have just a salad for lunch. They want rewards for themselves at night. These are indulgence products."

Despite growth elsewhere, milk remains the single biggest dairy category. The shift toward low-fat and skimmed milk is its most notable trend, but as an overall category, it is remarkably stable, with a half-percent annual increase, a figure that does not quite keep up with population increases.

Unrefrigerated milk

The category is presenting some new product areas. UHT (Ultra High Temperature) unrefrigerated milk has begun to appear on supermarket shelves in some regions. The long storage time that UHT permits reduces shipping and stocking costs for the retailer, but since most Americans have commodious refrigerators, the product has been slower to catch on here than in Europe. The best current tactic for markets of UHT milk is to aim it at the camping and outdoor market.

A number of value-added milks have recently reached the market, including protein-enriched acidophilus, calcium-fortified and flavored milks. Chocolate milk has suffered a drastic decline, but now suppliers are eyeing a new flavored milk possibility: carbonated milk.

Milk prices have continued to drop—a situation that may not last long. "The drought has had some effects on milk production," says Jim Rourke, a dairy products marketing specialist for the USDA. "Wholesale farm level milk prices have not started to increase yet, but we expect to see some substantial increases in the next couple of months."

Despite some small drops of specific categories, the dairy market is stable and prosperous. Suppliers who can adapt to shifts in consumer habits should be able to reap benefits. Mary Kay O'Connor sees yogurt and cheese as two special areas for growth: "The consumer is looking for quality, variety, something that's nutritious and something that's convenient," she says.

—FRED COHN

SOFT DRINKS

Continued from page 188

between 79 cents and 99 cents singly or in a four-pack for between $2.49 and $2.99. Retailers realize margins in the low 30 percent area.

The company also recently introduced a line of blended fruit juices—dubbed Snow Grapes—currently available in four flavors.

In some cases, SoHo has facilitated its entry into supermarkets by staying away from the soda aisle. Instead, the single serve bottles have been displayed in coolers near in-store delis and appetizing departments, according to Brennan.

"Supermarket retailers have been receptive, for the most part, to our presentation," he explained. "We address their space limitations and need for certain amounts of margin and turnover."

Sampling a key

A key element to creating consumer sell-through has been on-site sampling, Brennan said, usually conducted as part of the firm's four six-week long promotions. This summer, for example, the firm ran "Cruisin,' " a promotion and sweepstakes to win a classic 1957 Thunderbird. The T-Bird has been travelling to various store sites, conducting sampling and commonly tying in with a local radio ad campaign.

Sampling is also an important part of the marketing plan for Original NY Seltzer, which utilizes only a limited advertising budget.

"Tastings are the most important thing we do—they're a method of creating demand," said Bruce Sweyd, vice president and chief operating officer for Original NY Seltzer. "And demand is consumer pull."

While traditional advertising doesn't play a major role in the company's market plan, the firm does make available some promotional monies at retail, Sweyd added.

The company's assortment includes 11 flavors available in 10 oz. and one liter bottles and 12 oz. aluminum cans. A 12 oz. plastic can was recently dropped from the configuration because of cost considerations, Sweyd said. Additionally, the firm began offering five flavors in a diet soda last October, which have met with strong consumer and trade acceptance, he added.

Additional product introductions and extensions are expected during the next year.

Original NY Seltzer was a small family-owned company that had been abandoned after World War II, only to be revived in the early 80s by Dr. Alan Miller and his son, Randy. Attracting a following in 1984, the company has experienced dynamic sales growth since.

Working with beer distributors seeking additional non-alcoholic lines and 10 bottling companies, the firm has since gained national distribution.

"The entire category is clearly a growth opportunity because of stronger consumer demands," Sweyd said. "We're living in a much more health-conscious society now than we ever have before and people are placing much greater attention on what they're actually consuming."

—BRENT FELGNER

'Tastings are the most important thing we do—they're a method of creating demand.'

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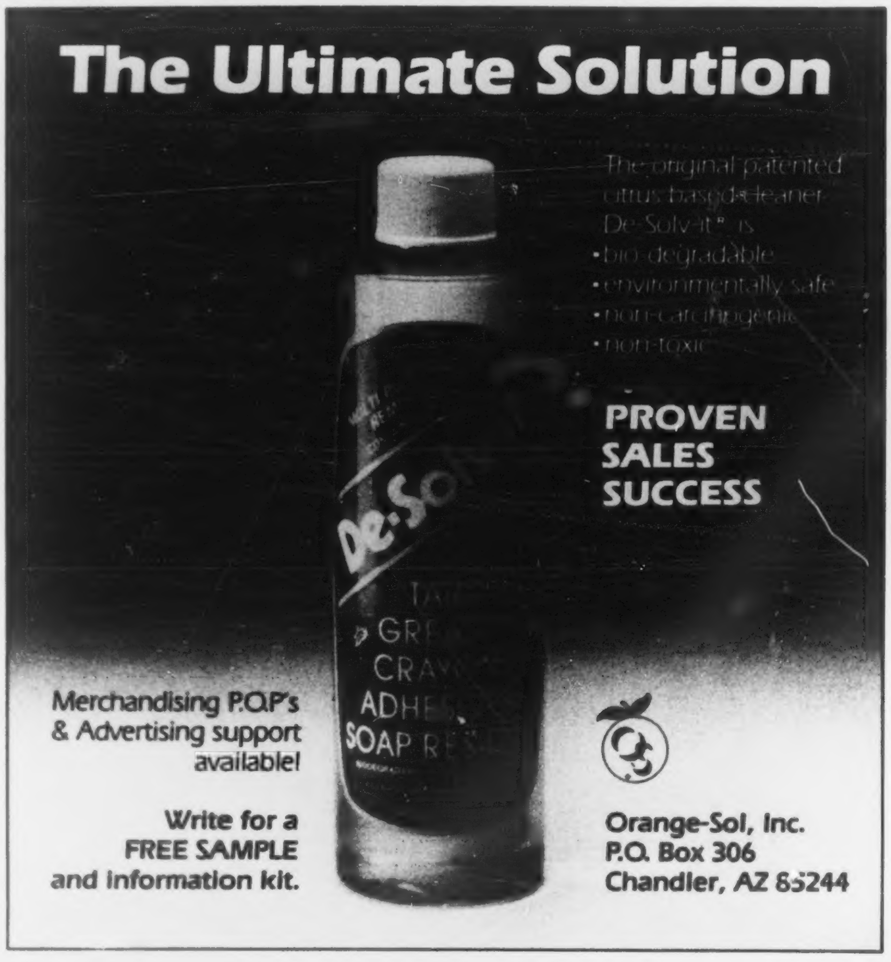

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SNACK FOODS

'Hot and spicy is a major trend in snack foods right now. And Tabasco defines the upper limit of hot.'

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priced competitor, except perhaps in some specialty markets or upscale areas. Nevertheless, Taylor says, labels that highlight "no preservatives" and other health-oriented features are appealing to an ever-growing body of diet-conscious shoppers. "We're seeing the consumer looking for nutritional aspects more and more," he adds.

Consumers in some parts of the country respond more slowly to new snack concepts, notes Taylor, whose company serves the Northeastern market. "The Northeast is different from the rest of the country," he says. Cajun and Mexican foods, for example, took hold in the South and Southwest before their popularity spread north. Spicy ethnic foods "have slowly moved up to our neck of the woods," he says.

"Hot and spicy is a major trend in snack foods right now," observes Jim Brown, director of marketing for Goodmark Foods (Raleigh, N.C.). In February, the company introduced Tabasco-flavored Slim Jim brand meat sticks (Big Slim and Beef Jerky), via a licensing agreement with McIlhenny, the company that makes Tabasco, a spicy red-pepper sauce.

"Tabasco defines hot—it's the upper limit of hot," Brown says. "Tabasco has a distinctive flavor, and it has good distribution and consumer awareness." Starting this month, retailers can order the company's meat sticks in canisters or five-pack cardboard boxes called handy packs, designed primarily for supermarket sales.

Goodmark expects the best immediate response to the new flavor to come from the South, and plans to run consumer advertising and promotions to beef up the overall response. "We've had a successful year, and we have other new products in the works," Brown says, although he declines to provide details. "We also have a new advertising agency and we plan to continue spending behind the brand.

"The meat snack category is undermarketed compared to other snack categories," he observes. "It's a very fragmented business, with a lot of small companies."

In keeping with the trend toward hot and spicy foods, Charles Chips (Mountville, Pa.) has developed a new canned dip line to complement its existing line of dips in jars and its snack foods. The five dip flavors include ranch, nacho cheese, picante, cheddar/jalapeno and jalapeno/bean.

It's no secret that Frito-Lay (Plano, Texas) has captured the lion's share of the snack food market with its ever-popular Frito corn chips, Lay's and Ruffles potato chips, Doritos tortilla chips and other brands.

This year, instead of bringing out new snack items, the company will test new flavors and flavor extensions within existing product lines, according to Val Holley, manager of sales communications.

"We're not on a new product kick like we used to be," Holley says. "We've sort of changed our philosophy to go back to concentrating on selling our core brands, which is the job we do best."

Other snack suppliers continue to roll out new product offerings. The Keebler Co. (Elmhurst, Ill.), for instance,

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REFRIGERATED FOODS

Not everyone is convinced that the concept of refrigerated pastas will be a sure-fire winner at the checkout.

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Snacks, which are offered in five different six-packs containing flavors from an assortment of eight.

Clear pudding containers are used to draw the customer's eye to the product, Neal says. The see-through packaging is particularly effective in promoting sales of the parfait flavors, because the customer sees two flavors in one cup.

"The faster you can communicate with the consumer in the clearest way—because people want to see what they're getting—the better it works, especially if the product is really appetizing," Neal says.

The refrigerated dough category has witnessed seven years of consecutive growth in both dollars and units, according to Marlene Johnson, manager of consumer communications for the Pillsbury Co. (Minneapolis). "Total unit sales for the category were up 1.4 percent last year, while Pillsbury's sales were up 4.3 percent. So you can see that Pillsbury is really moving the prepared dough category," she says.

Fueling the growth in the category has been the company's ongoing effort to introduce new products and promote them with broadcast and print advertising, coupons and consumer promotions such as the biannual Bakeoff Contest.

Pillsbury recently introduced microwavable fudge brownies to the refrigerated dough category, marking the first introduction of a microwavable product in the chilled section, Johnson says. Tender Layer biscuits are the latest introduction to the company's basic biscuit line, which has played a significant role in boosting sales within the category, along with sweet goods such as cinnamon rolls and pie crusts, and bread items such as crescent dinner rolls and crusty French bread, the spokeswoman says.

This year marks the fifth consecutive year that Pillsbury is offering its basic biscuits in prepriced prepacks. Each prepack consists of four cans, shrink-wrapped with a promotional price sticker, Johnson explains. "It's a merchandising opportunity for the trade and a bargain for consumers," she says.

Carnation Co. (Los Angeles), which last year purchased Lambert's Pasta & Cheese line of fresh packaged pastas and sauces (it has since renamed the line Contadina Fresh), currently offers about 30 fresh-cut and fresh filled pastas and sauces that require refrigeration. Modified atmosphere packaging, in which the oxygen is replaced with an inert gas, is used to control spoilage, according to company spokesman Dick Curd. The line lends itself to merchandising in either the dairy or cheese area, Curd notes.

"There are many regional and local players, but as of now we're the only national company in the refrigerated pasta line," Curd explains.

Carnation is currently airing a national television advertising campaign backed by radio and print messages to stimulate sales of Contadina Fresh products, which range in price from about $1.69 to $3.99 retail.

But not everyone is convinced that the concept of refrigerated pastas will be a sure-fire winner at the checkout.

Retailers who have pioneered in "fresh" and refrigerated high-quality pasta, such as Kings (West Caldwell, N.J.), have done well with the product. But it remains to be seen whether consumers will respond favorably to the branded refrigerated lines over the long haul.

—AMY LIPTON

PHOTO SUPPLIES

Continued from page 181

account for some 20 percent of total film sales volume, according to Michael McGinn, manager of trade sales. That number makes supermarkets Kodak's third-biggest film outlet behind discounters and drugstores. No doubt in part because of Fuji's increased presence and competition from 3M, Agfa and the many private label film brands, Kodak this year upgraded its color print film to provide enhanced color, particularly in flesh tones.

A natural for supermarkets

Cliches about one-stop shopping aside, the idea of creating a total photo shop, complete with minilab, camera "bar" and extensive film assortment, provides several benefits. For one thing, such a shop tells the shopper she need not go anywhere else for her photo needs. As with all general merchandise, she might as well buy it at the supermarket since she's there anyway. And as minilab technology continues to improve, making it commonplace to produce quality prints in less than one hour (it's more like half an hour), the minilab concept seems a natural for the supermarket. The shopper can drop the film off when she enters the supermarket, and pick it up on her way out.

Just as importantly, bringing in a minilab helps the supermarket "retain" its film business. In other words, since a film purchaser is presumably going to go *somewhere* to have that film processed, she might as well have it done where she bought the film. Some 38 percent of all photofinishing is done by minilabs, according to McGinn, and many of those minilabs are located in retail outlets. Yet free-standing minilabs account for only two percent of all film sales, according to McGinn. "So they're retaining maybe 10 times the film they're selling."

Every single roll

Supermarkets, then, seem to be facing tremendous opportunities for retaining the substantial volume of film they sell. Whereas they account for 20 percent of Kodak's sales volume, according to McGinn, "They retain probably about 14 percent (of Kodak's total volume) for finishing," McGinn says. "So it's obvious that some of the film they sell is going elsewhere and may very well be going to some of the free standing minilabs. Basically, the whole idea is to retain every single roll you possibly can for photofinishing. You'd be increasing your (photofinishing) business roughly 50 percent if you were to bring it to a one-to-one ratio."

A minilab could help accomplish that. Dom Guarneri, vice president for general merchandise at Price Chopper (Schenectady, N.Y.), says, "The number of rolls per week is astronomically higher than stores without a minilab."

Minilabs also help add a touch of personal service to film developing. That's no small consideration as supermarkets become more dependent on their service departments both for their image and as a way of fending off competition from other food retailers. Usually, when the consumer picks up her film, she deals with the person who operates the lab. If the customer isn't satisfied, the operator can't blame an outside lab. "The instore service is something new," says Guarneri. Because a minilab helps the store position the photo area as a complete photo shop, "You can sell more (merchandise) out of that area," says Guarneri.

Presumably, a more complete photo shop will bring more amateur photographers into the store. "More and more people are getting into (minilabs) in the food business," says Dubner, "because they're seeing that it's a very profitable business as well as a way of attracting additional customers to their store.

"The customer wants to get the 'total entity' of the film—buying the film, getting the film processed and getting a high quality product, which they don't mind paying a little more for."

Convenience and speed

Whether the customer wants that "total entity" or not, consumers seem to enjoy the convenience and speed of a one-hour minilab in their supermarket. McGinn claimed in a presentation at last May's FMI convention that Kodak's photoprocessing sales rose nearly 11 percent in 1987, and he projects a double-digit sales increase this year as well.

A total photo shop tells the shopper she need not go anywhere else for photo needs.

That's good news for Kodak. The good news for retailers is the profit potential minilabs could offer in a small amount of space. On an average of 50 rolls per day or $300,000 annually, McGinn said in his FMI presentation, supermarkets could generate more than $150,000 in profit. Anything that can make a supermarket as much as 50 cents on a dollar is good news. And as minilabs get smaller and more efficient, they will earn an even larger return for stores that bring them in.

—DAN ELMAN

PET NEEDS

Continued from page 179

Cycle series of dry food, for example, has met with success because the company has tried to segment the dog food market according to the age and condition of the dog. Both Alpo and Ralston Purina, in addition to Quaker, have marketed reduced calorie dog food targeted to owners of overweight dogs. And Ralston Purina's Kitten Chow and Puppy Chow are staples in the pet food aisle.

Mike Sinclair, pet food buyer for Hannaford Bros. (Scarborough, Me.), insists there is a limited, though loyal, customer base for low calorie dog foods. "We have a small variety," he says, "enough to satisfy basic needs, and those items have been well-received. The movement isn't spectacular, but it's such that I will continue to carry that."

The so-called premium dog food classification has not met with such loyalty, Sinclair says, since the entire dog food category is so price-sensitive. Cat food, though, is a horse of different color. Cat food accounts for a considerably larger share of dog and cat food sales than it has in recent years, according to a report issued by Business Trend Analysts (Commack, N.Y.), a research organization. In 1979, dog food represented 73 percent of dog and cat food sales, according to the report. As of last year, however, that share was down to 61 percent.

It should come as no surprise, then, that cat food brands, including premium brands, continue to proliferate. Cat owners, Sinclair surmises, want more than dog owners to pamper their furry friends, and 9-Lives' famous "Morris" image of the ultimate finicky eater is a powerful one. What's more, the price differential between premium and regular cat food is generally smaller than the price differential in dog food. Whatever the reason, Sinclair is a believer in premium cat food.

Nutrition and pets' picky palates aside, the endless brand introductions and extensions underscore the intense competition for shelf space in the pet food category.

Alpo, by marketing its Alpo Lite line of low-calorie canned food, is attempting to carve out a niche similar to that created by brands such as Cycle and Ralston Purina's Fit 'n Trim in dry food.

"We got into the dog treat area in a big way," says a Ralston Purina spokesperson. "We see this as a growth area." The category's high margins and the relatively little shelf space it takes up (not to mention consumer demand) are the reasons for the suppliers' big push.

For Ralston Purina's basic dog and cat food segments, however, the emphasis has been on line extensions and reformulations. Lucky Dog was updated at the end of 1987; the one-particle dry food was augmented by two additional particles. The classic Dog Chow line was extended with a variety geared to smaller dogs, who, according to the company spokesperson, require smaller pieces of food. Ralston Purina also introduced Moist & Meaty, a burger-like moist dog food.

The right mix of treats, along with the ever-profitable (especially in terms of DPP) nonfoods pet accessories, in the pet aisle, has made the entire section one of the more profitable aisles in the store.

That's the reason Hannaford Bros., unlike most supermarkets, merchandises pet accessories right in the pet aisle not on an endcap adjacent to it. For supermarkets looking for a way to boost the overall performance of the pet aisle, already a high-margin section, that might be the way to go.

—DAN ELMAN

SNACK FOODS

Continued from page 216

recently introduced two new bagged chip products as well as several boxed snacks. O'Boises, a potato snack chip named for Boise, Idaho, are offered in plain and sour cream/onion.

"Bag snacks are relatively new for us, but the growth rate is off the charts this year, and they're helping to propel our whole company," says Phillip Bremser, director of national accounts and trade development for the firm.

Bremser estimates that nearly 40 percent of all boxed snacks are sold during the peak period from November through January, during the Christmas and New Year's holidays and the Super Bowl, when parties abound. To garner greater sales during this time, he notes, Keebler will offer retailers "good deals, good-looking POP displays and several volume programs to reward retailers around the country for moving a lot of our product."

McKee Baking Co. (Collegedale, Tenn.), longtime maker of Little Debbie snack cakes, introduced its Sunbelt granola bars in supermarket boxes about a year ago, and recently upgraded the package design.

In keeping with the convenience-driven market trend, Sara Lee (Deerfield, Ill.) has expanded its line of individually wrapped snack cakes to include coffee cakes that can be heated in a microwave or conventional oven.

Sinbad Sweets (Clovis, Calif.), a 10- year-old company that until recently sold its products only to service bakeries, has taken the plunge into packaged products for supermarket distribution.

Harmony Foods (Santa Cruz, Calif.), in an effort to sell more of its snack products in supermarkets, recently expanded the rack system it introduced last year, called Concept 90. It's a display system intended to carry the product through the 1990s, according to regional sales manager Larry White Jr. The new display racks can accommodate almost twice as many items as the company's previous displays.

Eagle Snacks, a division of Anheuser - Busch (St. Louis), has redesigned its package graphics "for stronger on shelf communication of the line and the brand name," according to a company spokeswoman.

Last year, the Planters/LifeSavers Co. (Winston-Salem, N.C.) introduced a line of microwaveable popcorn, as well as a line of honey-roasted peanuts sold in canisters, according to spokesman Chuck Wallington. The company, which is owned by RJR Nabisco, also teamed up with the Nabisco Division to create Snack Alongs, 12-packs of individually sized packages of nuts and other salty items.

Del Monte USA (San Francisco), one of Planters' sister companies under the RJR Nabisco umbrella, is continuing expansion of the fruit snack category it introduced in 1985.

To promote its fruit snacks, Del Monte is participating in a sampling program with American and United Airlines. Trial packs of several varieties of fruit snacks are being served on those airlines' snack flights.

Nabisco recently introduced Ritz Bits, coin-sized versions of its popular Ritz crackers in regular and cheese flavors, and Quackers, duck-shaped, bite-sized snack crackers in regular, cheddar and sour cream/onion flavors.

Popcorn, of course, has captured the attention of many American consumers in recent years, thanks to the proliferation of the videocassette recorder, the microwave oven and the low-calorie, low-cholesterol image of the food itself.

"Popcorn has just gone crazy," says Jim Organ, vice president of marketing and sales for Wyandot (Marion, Ohio), makers of MicroBurst microwavable popcorn and other corn-based snacks.

Beatrice/Hunt-Wesson (Fullerton, Calif.) recently added four new flavors to its lineup of Orville Redenbacher microwaveable popcorn—cheddar cheese, nacho cheese, sour cream/onion and caramel.

Chico San, a division of H.J. Heinz (Pittsburgh), has taken a new twist on the snack food that was once eaten primarily in movie theaters. The company has introduced Popcorn Cakes, similar in concept to rice cakes.

—AMY LIPTON

PRODUCE

Continued from page 169

is a colorful oasis whose "Juice Factory"—a floor-to-ceiling contraption that generates fresh squeezed orange and grapefruit juice all day—gives the department the air of an amusement park.

Stocked with some 450 produce SKU's, Xtra typifies the new breed of produce *merchants*. The store doesn't just see the produce department as a provider of staple items; it looks at produce as the star attraction.

Like Xtra Super Food Centers, Fiesta Mart (Houston) stores are geared in part to their Hispanic shoppers, who traditionally demand fresh produce and lots of it. Free - standing bins and stacked cartons spill forth all manner of exotic fruits and vegetables. Last July 4th, the stores ran an ad for pickling cucumbers and sold $10,000 worth over the weekend. That's typical of Fiesta Mart's emphasis on "unique" items.

"That was $10,000 worth of additional business that would never have happened otherwise," says O.C. Mendenhall, vice president. "You can buy pork and beans anywhere, but produce is *the* thing in the food business." Fiesta Mart's overflowing produce departments comprise nearly 500 SKU's, including some items many Americans can't pronounce, much less know how to use.

The movement toward more exotic produce with higher price tickets has brought about the need for increased consumer awareness. Recognizing that need, stores have taken to printing recipes in produce ads or distributing them on hooks right in the produce department. "Since we carry 100 percent of the items that are available 52 weeks out of the year, we need better education in regard to the specialty-type products," says Dave Bowe, produce buyer at Xtra. "These are the items that continue to be developed or introduced."

Where do produce staples figure in this new approach? Acknowledging that so-called exotic produce has become an important growth area, the produce industry is now concentrating on ways to make traditional produce items easier to merchandise and sell. The Produce Marketing Association and UFFVA, in conjunction with FMI and the Uniform Code Council, this year designed a new universal price code system for fixed-weight and fixed-count produce. The idea is to reduce the number of bar codes in existence (each grower has been using its own system) and enable more supermarkets to scan packaged produce.

Tailored packaging

Some growers are also tailoring packaging for conventional items to specific consumer needs or to the needs of individual retail channels.

Bud of California (Salinas, Calif.) has introduced two varieties of "cole slaw mixes," or packaged shredded cabbage. One comes with shredded carrots, one comes without. Bud's latest packaged products, new for this year, are Snack Sticks, eight-ounce packages of celery and carrot sticks marketed as snacks. Both products are targeted to consumers who want fresh vegetables or home-made cole slaw, but also need convenience. "I think you'll see more of that in the future," says Chris Mayhew, manager of marketing.

Sunkist (Ontario, Calif.) has designed packages tailored to warehouse-type stores, where consumers generally purchase in large quantities. The grower is shipping oranges, tangerines and grapefruits in half-carton and one-third-carton sizes for warehouse stores to put out on the selling floor as is. "We designed (the packages) for Euromarches and price clubs, people that have mass traffic where people are buying quantity," says Curt Anderson, a spokesman for Sunkist. "We pack them here at the point of shipment, and stores put them out just as they are."

Even the most upscale produce section has to sell staples, so with the help of the new bar codes and the custom-designed packages, growers, shippers and retailers can now work together to make it easier to do so. "We don't have a lot of packaged produce," says Bowe, who says universal coding was long overdue. "But one of the things we do need is UPC codes for the items we do handle that are prepackaged—potatoes, cauliflower, lettuce, onions."

"Produce has to be a shop unto itself," says Barker. "Some of the finer stores are doing just that. They have a separate flower section that's almost a flower shop, a separate bakery and deli. And the produce section is almost like a farmer fruit stand in that store. That's the trend."

DAN ELMAN

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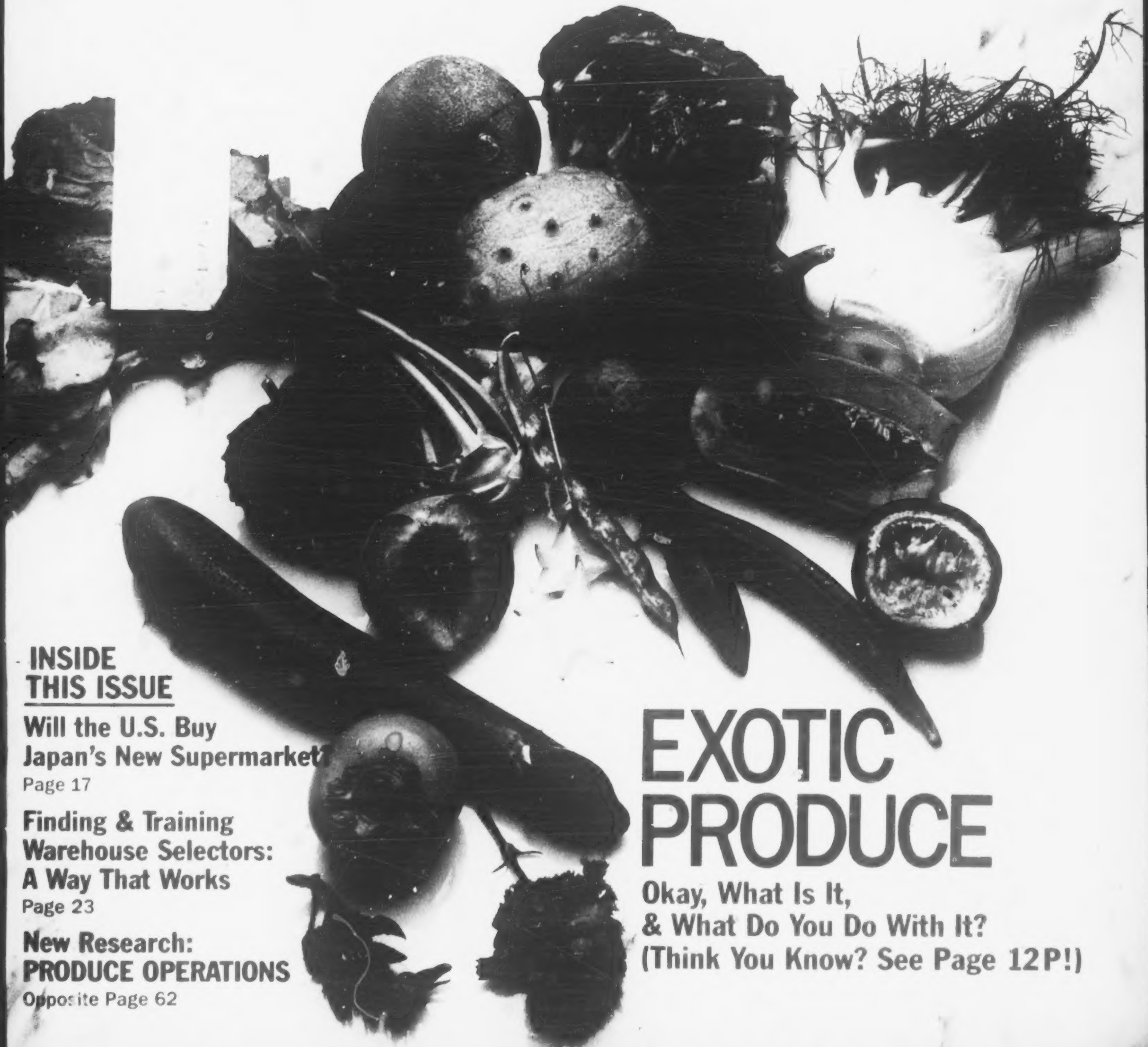

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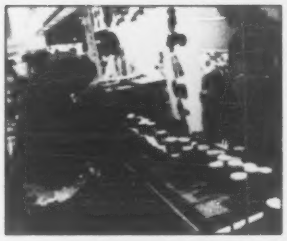

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BPA ABP

By Ken Partch, Editor-In-Chief

Welcome To Wall Street—Not The Movie

In the beginning, before the wheel, before the loom, before scanners and the PC, before the LBO, grocery stores were a relatively simple business. Supermarkets were even simpler. That was the whole idea. They bought groceries at the best prices they could find. Insisted they be the best, and then sold them to consumers at the lowest possible markup, by eliminating all unnecessary costs. It made for a formidable institution—a profit-making institution. Yes, even a social institution that became the envy of both worlds—East and West.

But as an institution as we knew it, it is in danger. It is in danger because of rapid consolidation and increasing foreign ownership. Ordinarily (that is, before the LBO fever and the hostile takeover fever hit this industry), it would not matter who the owners happened to be—foreign or domestic. But it begins to matter a great deal when some half of the total industry is owned by the banks or by foreign capital. It isn't that foreign capital is bad, any more than U.S. capital abroad is bad. But foreign retailing does business on a different basis than does U.S. retailing. The traditions are different. Or, I should say, different from what U.S. retailing used to be. Today, I am not so sure. The question is, will we continue to do business according to the U.S. traditions, or will we move toward the foreign ways of doing business between giant distributors and giant manufacturers?

Gene Hoffman, industry consultant and former senior vice president of Super Valu, puts it this way: "Look at southern California," he says. "All it means is that a ton of money has been poured into the market in the form of debt, which will have to be paid back—ultimately by the consumers, of course."

Consolidation on the part of manufacturers is also creating tremendous clout and tremendous power. Manufacturers, eventually, may be able to use this power to counteract some of the raw distributor power. Distributor power that is demanding more and more "up front" to the point where manufacturers will soon be renting shelf space, if that has not already come to pass. Many might think that that's not so bad, and is even a good idea. But ultimately it is bad.

It is bad because it puts the distributor, whether chain or wholesaler, into a different business. Now, there is no incentive to push back, to hold the line on prices and costs. The distributor can't possibly act as the "agent for the consumer" when it becomes in the distributor's best interest to obtain the highest "rental fee" for shelf space he can get. The motivation becomes convoluted, at best. Ultimately, the manufacturers face three choices: cut down all deals and allowances to the barest minimum, or pass on the increased costs to the consumer—or both.

The question is: Will we move toward the foreign ways of doing business between giant distributors and giant manufacturers?

Many manufacturers are already beginning to refuse a lot of the "up front" payments. This movement could become a landslide.

At long last, the supermarket has moved into the food business, and we have applauded this move. But everything is in danger if all that means is that the supermarket has now become a restaurant, or a fast food outlet with groceries, and space for the groceries is going to the highest bidder. The whole cost structure is in danger of getting out of whack. And then, you may ask, who is paying for these food palaces? Is the manufacturer of grocery products paying for them and passing the cost on to the consumer? In some cases we suspect so. If true, then the manufacturer of branded food products is financing his own competition.

Kroger has been rebuilding its outmoded stores, which has had a negative effect on profits. Should it *not* have asked its stockholders to forego profits while it modernized its physical plant? Should it have sold out to foreign capital to find a new source of investment? Perhaps there have been management mistakes. Should the penalty be destruction of the Kroger company, while a few insiders and outside "investors" become rich? What do they bring to make Kroger a better company except borrowed money, which will have to be paid back out of Kroger assets? Where is the inherent efficiency in this?

What advantage is there in size? Kohlberg, Kravis, Roberts & Company is already the owner of Safeway, Stop & Shop and Pathmark, which before the sell-offs at Safeway, and the proposed acquisition of Kroger, would make it the largest single supermarket company anywhere, with sales of over $46 billion and more than 3,900 stores, including the old Safeway. KKR is more a giant repository of grocery chain assets than a functioning company.

The banks will tell you that their reorganizations of giant multi-regional chains will make them more efficient, since if the chains' profitability were better, they wouldn't make such attractive takeover targets. That the chains are not making the best use of their assets, and so deserve to be taken over and "better" managed.

But how does that jibe with the history of these takeovers? As soon as the deal is completed, assets must be used to pay down the debt. Look at Safeway. A number of people lose their jobs, and a number of local and regional chains become even more powerful.

Indeed, a number of regional

Continued on page 10

SAMI UPDATE

HBA Gain Rate For July Falls Short Of Increases Recorded By Food Categories

Loss rate found among first aid, oral hygiene and shaving needs product groups.

BY ALAN MILLER JR.

Food store unit volume for health and beauty aids continued to move upward during July, but the pace slowed somewhat.

During the four weeks ending July 15, 1988, food store unit volume in the 52 categories of health and beauty aids for which there are two years or more of sales movement available rose 2.5% above the level for the corresponding year ago period. The tonnage gains for each of the three food product departments were higher than the HBA performance. Shelf-stable foods had a poundage increase of 4.3%, while poundage for frozen and refrigerated foods rose 3.3% and 2.6% respectively.

However, during this 28-day reporting period health and beauty aids achieved a dollar gain of 6.6%, which was higher than any of the other departments. The dollar gain for dry grocery food products was 6.3% and there were dollar increases of 6.1% for frozen foods and 4.6% for refrigerated foods. The lowest dollar gain rate was 2.0% for dry grocery nonfood items.

Five categories gain

Of the eight HBA product groups there were five with plus volume and three with loss rates. The highest unit volume percentage decline was 1.8% in the case of first aid products, followed by a dip of 0.6% for shaving needs and 0.5% for oral hygiene products. The highest gain rate was 9.4% for skin care aids.

Personal deodorants advanced 4.7%, while the gain rates for proprietary remedies and hair care needs were 3.9% and 3.2%. On a product category measurement basis, the score was 34 to 18 in favor of gains over losses. This was the same ratio as for the preceding four-week period. There were 12 product categories with double digit gain rates, topped by the 44.1% increase among feminine hygiene deodorants.

In the baby needs product group, the gains and losses were evenly split. Both baby powders and infant clothes continued to exhibit sales weakness, while gains were recorded for 52 weeks, 12 weeks and four weeks in the baby oil, cream & lotions and nursing supplies categories.

Some strength in deodorants

Although three of the personal deodorant categories registered four-week unit sales declines, the product group as a whole was ahead 4.7%, aided particularly by strong performance for feminine hygiene deodorants (+ 44.1%), deodorant and talcum powder (+ 15.1), feminine douches/washes (+ 12.7) and stick deodorants and pads.

The firm showing for stick deodorants contributed to sales weakness for cream deodorants (– 7.8%), spray deodorants (– 4.8%) and roll-on deodorants (– 1.7%). Foot deodorants and athlete's foot remedies moved ahead 8.8%.

The performance of first aid antiseptics (+ 2.3%) continued to outperform first aid products (– 3.3%). Gains for the over-the-counter cortisone remedies have contributed to the increase among antiseptics.

Among hair care needs, the plus categories exceeded the minus categories on a 4 to 3 ratio. Hair sprays continued to fare better than any other category in this product group.

Hair spray newcomers

Three new hair sprays that were not marketed in the corresponding year ago period have helped to expand category volume: Salon Selectives, from Helene Curtis; St. Ives, from St. Ives Laboratories and Bold Hold, introduced nationally by Alberto Culver.

Hair conditioning rinses enjoyed a favorable trend and the 8.4% gain for the four-week period was higher than their 6.5% gains for 12 weeks or 3.8% for the full year interval. Lesser gains of 2.0% and 0.3% were observed in the hair coloring and hair setting needs categories. These advances were less than their gain rates for the 12-week interval.

The sharpest loss among hair care needs was the 14.6% decline for home permanent kits, which now show losses for the full year and the 12-week period. Shampoos are also in the red for all three time frames, as are hair dressing needs, where most major brands of men's hair grooming products are losing ground.

Mouthwash moves ahead

Oral hygiene products in total fell behind the 1987 rate largely as a result of a loss of 1.3 million units of toothpaste and powder. However, almost a million units of this loss were made up for by the gain of 11.1% for mouthwash brands. There were also gains of 4.7% for denture adhesives and 2.8% for dental aids (dental floss as well as dental appliances). Three other oral hygiene categories were in arrears: denture cleaners (– 1.4%), toothbrushes (– 1.2%) and breath fresheners (– 1.0%).

Eleven of the 14 categories of proprietary remedies tracked by SAMI were on the plus side of the ledger. Identical gain rates of 15.1% were found in the cold remedies and appetite suppressant categories. The cold remedies' gain translated to a four-week unit increase of 937,000, whereas the gain for appetite suppressants was just over 100,000.

All of the cough and cold remedies showed sales vitality. There were gains of 5% to 6% for nasal spray/drops/inhalers, cough remedies and chest rubs. Internal analgesics (often used for respiratory ailments) advanced just 1.2%. Both synthetic (+ 4.7)% and natural vitamins, minerals and supplements (+ 8.1%) showed consistent upward trends.

The three categories with four-week loss rates were the small-volume proprietary remedy category (– 9.7%), sleeping aids (– 2.6%) and external analgesics (– 2.2%).

Razor blades nicked

There was only one category of shaving needs with a loss, but because it occurred in the high-volume razor blade category (– 3.0%), the unit volume for the entire product group fell slightly (– 0.6%). Razor sets showed a plus of 11.0% and after-shave lotions moved forward 4.8%—a higher gain rate than either the 3.5% for shaving creams or 1.5% for pre shave lotions.

Except for cosmetic and medicated skin aids, where volume fell 0.4%, the skin care aids section performed well. The highest gain rate was the 24.9% for suntan lotion—suntan oil where sunscreen items are in strong demand. There were also double-digit gain rates for facial preparations (+ 14.2%) and hand and body creams and lotions.

The gain rate of 2.7% for lip care products was lower than their trend for the 12-week (+ 5.2%) or 52-week (+ 8.2%) periods.

New HBA products

During the year ending July 15, 1988, new HBA brands doing

$1 million a year or more in food stores and introduced during the 1980s accounted for $1.8 billion, or 21.5% of the 52-category total. This does not include volume contributed by line extensions of established brands or those doing less than $1 million a year that were launched since the start of 1980.

There were 14 product categories in which the share of the new brands of the '80s exceeded 25%, headed by hair setting needs (72.0%), appetite suppressants (46.2%), first aid antiseptics (46.0%), toothbrushes (43.1%), hair conditioners (39.8%) and shampoo (33.9%).

The highest new product retail dollar sales levels were found among: toothpaste and powders ($302.4 million), internal analgesics ($232.1 million), shampoo ($224.5 million), cold remedies ($144.2 million) and mouthwash ($104.4 million).

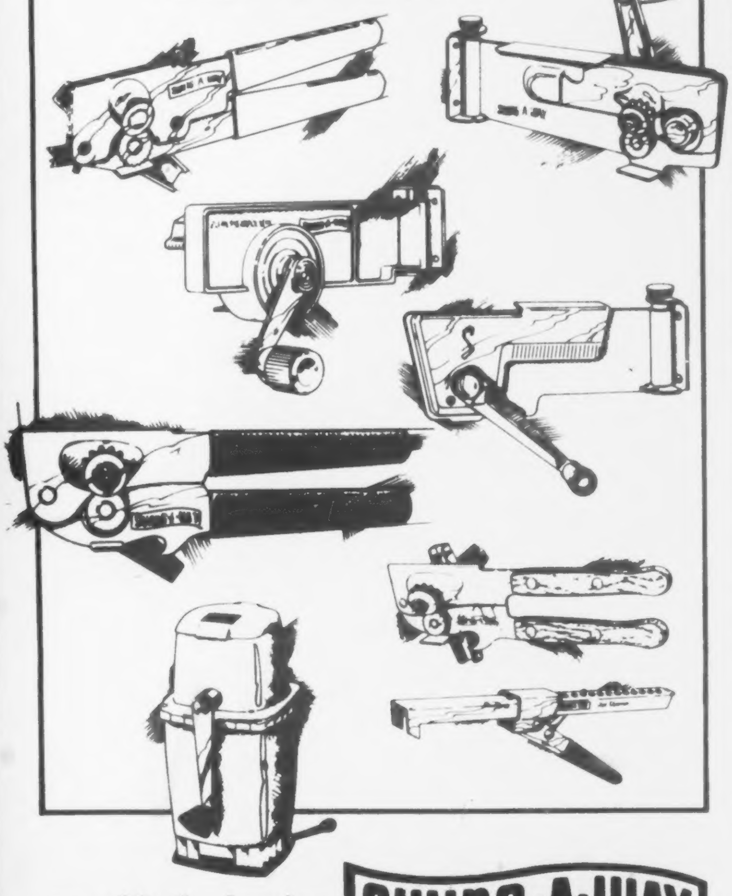
New products have contributed importantly to the emergence of sticks as the leading form of personal deodorants. New over-the-counter cortisone products have taken over the number one and two spots among first aid antiseptics.

Eighteen of the 46 million-dollar brands of shampoo first appeared during the current decade. New hairstyling mousse products have caused the hairsetting needs category to expand $100 million annually in food stores. Two of the top five brands of toothpaste were launched during the mid '80s—Crest Tartar Control and Colgate Tartar Control. Nineteen of the million-dollar dentifrice brands first reached food store shelves during the '80s.

The number two brand of internal analgesics, Advil, was introduced in June 1984. There is constant new product churning in the cold remedies category, where four of the top 10 brands are of recent origin. Of the four million-dollar brands of appetite suppressants, only Dexatrim was in existence in 1980.

These are just some of the findings based on SAMI's new HBA mid-year 1988 million-dollar brand study. ■

One of the best-known, best-selling brands in housewares.



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SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

	% CHANGE VS. YEAR AGO		
PRODUCT GROUP AND CATEGORY	4 WEEKS ENDING 5/20/88	4 WEEKS ENDING 6/17/88	4 WEEKS ENDING 7/15/88
BABY NEEDS	[illegible]	[illegible]	[illegible]
Baby Powders	− 10.9	− 4.8	− 3.2
Baby Oils, Creams & Lotions	+ 5.5	+ 14.4	+ 4.0
Infant Clothes	− 13.2	− 12.1	− 12.2
Nursing Supplies	− 0.9	− 0.3	+ 2.4
DEODORANTS	[illegible]	[illegible]	[illegible]
Sprays	− 7.7	− 3.5	− 4.8
Roll-Ons	− 3.0	+ 3.0	− 1.7
Stick Deodorants & Pads	+ 4.1	+ 5.7	+ 10.5
Creams	− 8.7	− 14.0	− 7.8
Deodorants & Talcum Powders	+ 27.3	+ 7.1	+ 15.1
Feminine Hygiene Deodorants	+ 49.4	+ 63.8	+ 44.1
Foot Deodorants & Athlete's Foot Remedies	+ 5.3	+ 13.4	+ 8.8
Feminine Douches	+ 9.4	+ 11.1	+ 12.7
FIRST AID	[illegible]	[illegible]	[illegible]
Antiseptics	+ 4.9	+ 6.1	+ 2.3
First Aid Products	− 2.6	− 1.5	− 3.3
HAIR CARE NEEDS	[illegible]	+ 2.1%	[illegible]
Shampoos	+ 1.0	− 5.5	− 2.5
Hair Sprays	+ 20.5	+ 18.2	+ 14.7
Hair Conditioning Rinses	+ 5.6	+ 5.5	+ 8.4
Hair Setting Needs	+ 2.0	+ 0.1	+ 0.3
Home Permanent Kits	− 13.4	− 7.2	− 14.6
Hair Coloring	+ 3.4	+ 3.9	+ 2.0
Hair Dressing Needs	− 14.6	− 8.9	− 6.1
ORAL HYGIENE	[illegible]	[illegible]	[illegible]
Toothpastes & Powders	+ 7.9	+ 4.5	− 3.9
Mouthwashes	+ 20.2	+ 16.5	+ 11.1
Breath Fresheners	+ 1.0	+ 2.1	− 1.0
Denture Cleaners	− 8.0	− 0.2	− 1.4
Denture Adhesives	− 2.7	+ 3.1	+ 4.7
Toothbrushes	+ 3.1	+ 9.5	− 1.2
Dental Aids	+ 13.6	+ 22.6	+ 2.8
PROPRIETARY REMEDIES	[illegible]	[illegible]	[illegible]
Antacids	+ 9.0	− 0.2	+ 2.1
Internal Analgesics	+ 3.5	+ 2.9	+ 1.2
External Analgesics	+ 2.3	− 7.1	− 2.2
Cold Remedies	+ 10.9	+ 16.1	+ 15.1
Nasal Sprays—Drops—Inhalers	− 2.1	+ 7.9	+ 5.7
Chest Rubs	+ 12.5	+ 10.8	+ 5.9
Cough Remedies	+ 13.0	+ 10.5	+ 5.4
Laxatives	+ 8.9	+ 6.8	+ 8.7
Sleeping Aids	+ 5.3	+ 2.8	− 2.6
Tranquilizers	− 4.1	− 7.7	− 9.7
Synthetic Vitamins	+ 11.2	+ 3.9	+ 8.1
Eye Care Products	+ 9.6	+ 9.3	+ 5.5
Appetite Suppressants	+ 29.6	+ 22.5	+ 15.1
SHAVING NEEDS	[illegible]	[illegible]	[illegible]
Shaving Creams	− 9.2	− 6.6	+ 3.5
Pre-Shave Lotions	− 5.3	− 1.8	+ 1.5
After-Shave Lotions	− 0.5	− 1.1	+ 4.8
Razor Blades	− 1.4	− 0.8	− 3.0
Razors & Blades	+ 12.6	+ 10.7	+ 11.0
SKIN CARE AIDS	[illegible]	[illegible]	[illegible]
Hand & Body Creams & Lotions	− 0.4	+ 15.1	+ 12.2
Facial Preparations	+ 8.9	+ 12.6	+ 14.2
Lip Care Products	+ 12.4	− 0.5	+ 2.7
Suntan Lotions & Oils	− 25.1	+ 21.4	+ 24.9
Cosmetic & Medicated Skin Aids	+ 6.0	+ 2.3	− 0.4
TOTAL ALL CATEGORIES	[illegible]	[illegible]	[illegible]

1988
PRODUCE DEPARTMENT
OPERATIONS REVIEW

BY DAVID LITWAK
DIRECTOR OF RESEARCH

Your produce department may be the single most influential reason that people shop your store. Does your fresh produce section measure up to the national sales and profits norms that helped account for $26 billion at the checkouts last year?

For decades, grocers have been harping on how produce can make or break a store, and how important the section is to the ultimate drawing power of a unit. In this age of nutritious diets, and growing concerns about fresh products, the produce department should take on added significance to the store's bottom line.

With this in mind, SUPERMARKET BUSINESS conducted an in-depth investigation of the operational results of the nation's supermarket produce departments. This first-ever *Produce Department Operations Review* looks at just how important the department is to the store, what sales are and the physical workings of produce departments.

One thing can be said about produce departments: When it comes to units, the department is in a no-growth situation. Of the roughly 30,400 supermarket units currently operating in this country, only about 100 of them have no produce department.

Happily, there is growth in produce sales. In 1987 dollar sales from the produce department grew 3.5 percent, and approached the $26 billion mark. Produce prices did rise last year. The Consumer Price Index for fresh fruits and vegtables rose 10.3 percent during 1987.

A lot of things have happened to the produce department in terms of products in the last few years. We all remember the time when these departments carried basically the same products year after year. Sure, there were a lot of seasonal changes in products, but not much changed on a yearly basis. In today's produce section the rate of change has definitely changed.

New products and sections

Today's stores have produce sections that carry an average of 173 fruit and vegetable items, with that number rising to 239 during the summer months. Some of these items are new varieties of familiar products, but many are exotic items that

Produce Census, Sales & Margins

With produce departments in virtually all of the nation's supermarkets, sales of fresh fruits, vegetables, floral and other products have reached the $26 billion mark. With the average unit now selling more than $16,400 in produce each week, the sales level has risen for 80% of the stores operating during 1987.

With almost 8% of store sales coming from the produce section and a gross margin of 32%, produce sales have proven to be extremely profitable. The average section contributes almost 17% of the total profits of the store.

Produce Units

Produce departments in supermarkets	30,300
Percent of all supermarkets	99.7%

Average Weekly Sales

Mean **$16,476** Median **$16,000**

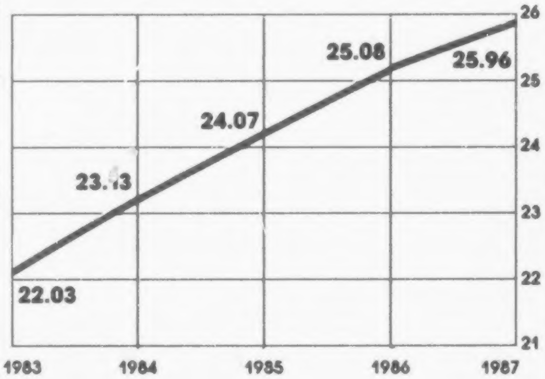
By Store Format

Conventional	**$5,623**
Super Store	**$22,331**

Change in Dollar Sales
(1987 vs. 1986)

Higher	**80%**
No change	**10**
Lower	**10**
Total	**100%**
Average reported increase	**8.2%**

Annual Sales (billions)



Sales, Profits & Margins

	Mean	Median
Share of Total Store Sales	**7.9%**	**8.2%**
Contribution to Store Profits	**16.8%**	**15.0%**
Gross Margin	**32.0%**	**31.0%**

had no widespread distribution in this country prior to a few years ago. Importing has also had an impact on the produce section's ability to regularly stock more common produce items.

Not only does the produce section enjoy the influx of new products, or year-round availability of products, but many departments are also branching out beyond the traditional fruits and vegtables into new subsections. Bulk foods, expanded floral sections, fresh squeezed juices and salad bars all have added to the produce department's product mix. Many stores have always had these subsections, but not to the extent that they do now.

The SUPERMARKET BUSINESS *Produce Department Operations Review* shows that these sections are prevalent in today's stores, and that many of these special sections are part of the produce department. Floral sections are present in 83 percent of the nation's supermarkets. Seventy percent of these floral sections are under the control of the produce manager. Bulk foods sections are in 67 percent of our stores, with half of those coming under the jurisdiction of the produce department. Only 40 percent of supermarkets offer fresh squeezed juices, but all that do, do so in the produce department.

Salad bars are the only special section that is generally not under the direct control of the produce department. Even though many of the ingredients on the salad bar come from produce, and the bar often is physically located within or adjacent to the produce section, in 67 percent of the stores it is operated by a different department, usually the service deli.

The most rapidly expanding produce product lines are precisely those that are reflected in the newer department subsections. According to retailers, the product lines that they add or expand most often in their produce sections include exotic fruits and vegetables, bulk foods and freshly squeezed juices.

Thanks, Johnny Appleseed

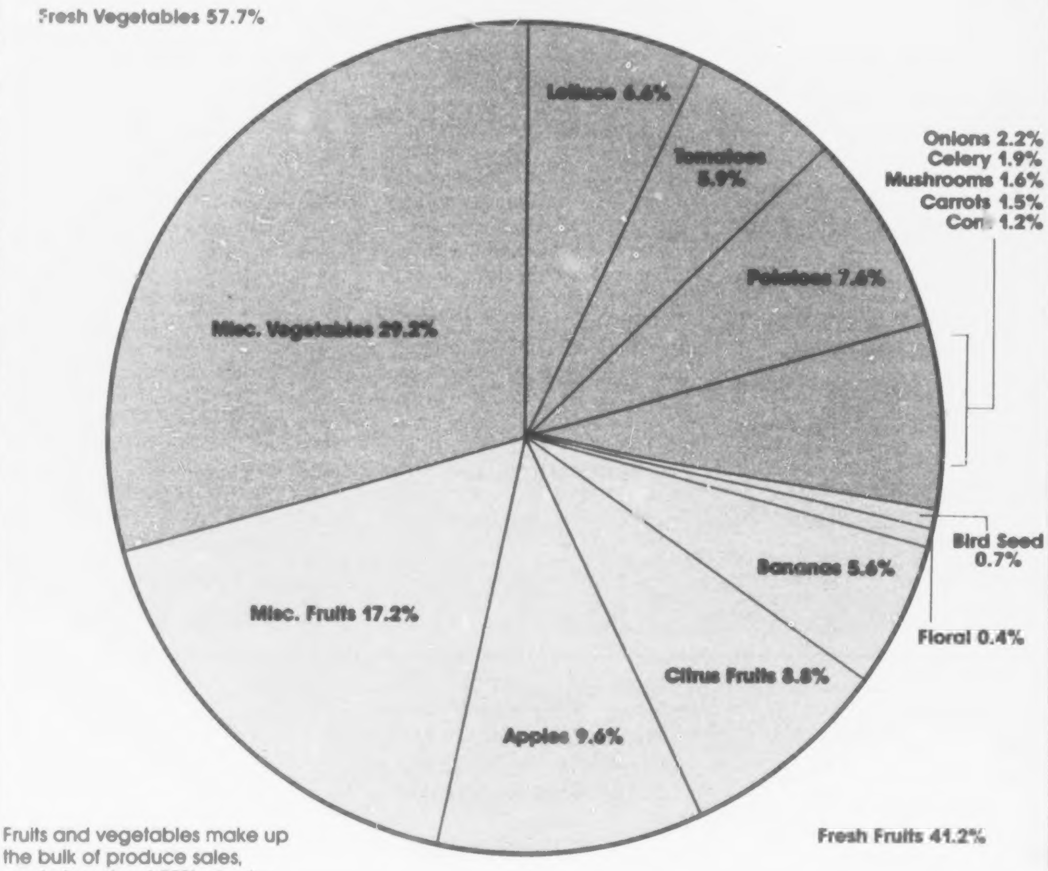
New sections and products are always interesting to talk about, but they don't account for that much of the produce department's total sales. Floral, for instance, accounts for less than one half of one percent of total produce sales. Produce still means fruits and vegetables. More than 98 percent of produce sales still come from fresh fruits and vegetables. The majority of sales come from the vegetable bins, which account for 57.7 percent of all produce sales. Fruits contribute over 41 percent to total produce sales.

Most produce does not account individually for much of a share of produce sales. The single largest selling produce items are apples, which account for 9.6 percent of produce sales. Citrus fruits (8.8 percent), potatoes (7.5 percent), lettuce (6.6 percent) and bananas (5.6 percent) are the other items that

Product Mix

Portioning Out the Produce Sales Dollar

Share of Sales



Fruits and vegetables make up the bulk of produce sales, capturing about 99% of sales.

Okay, What Is It, And What Do You Do With It?

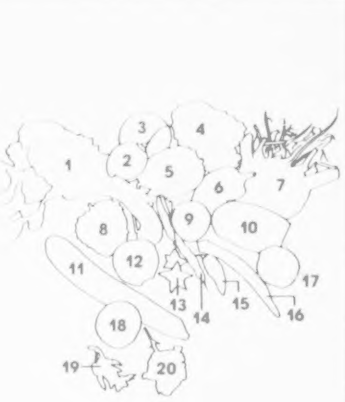
Take the Produce Challenge! On our cover are 20 varieties of exotic produce. If you're a supermarket company executive or employee, and you can name them all correctly, you could win a Sony Watchman personal TV.

All you have to do is refer to the outline drawing here.

Then, on a sheet of your company letterhead, list each number from 1 to 20, along with each item's correct name. Mail to SUPERMARKET BUSINESS Produce Challenge, 25 W. 43rd Street, Suite 707, New York, N.Y. 10036. Include your NAME, TITLE, ADDRESS and PHONE NUMBER.

Two TVs will be awarded by random drawing of all correct entries. The correct name of each item, your name if you get them all right, and the names of the two winners (one could be you!) will be listed in the December issue of SUPERMARKET BUSINESS.

Good luck!



Space, Location & Equipment

Size of Department

Square Feet of Space	
Mean	**4,817 Square Feet**
Median	**2,800 Square Feet**
By Store Format	
Conventional	**2,000 Sq. Ft.**
Super Store	**5,036 Sq. Ft.**

Share of Total Store Space	
Mean	**12.3%**
Median	**11.0%**
By Store Format	
Conventional	**12.3%**
Super Store	**11.6%**

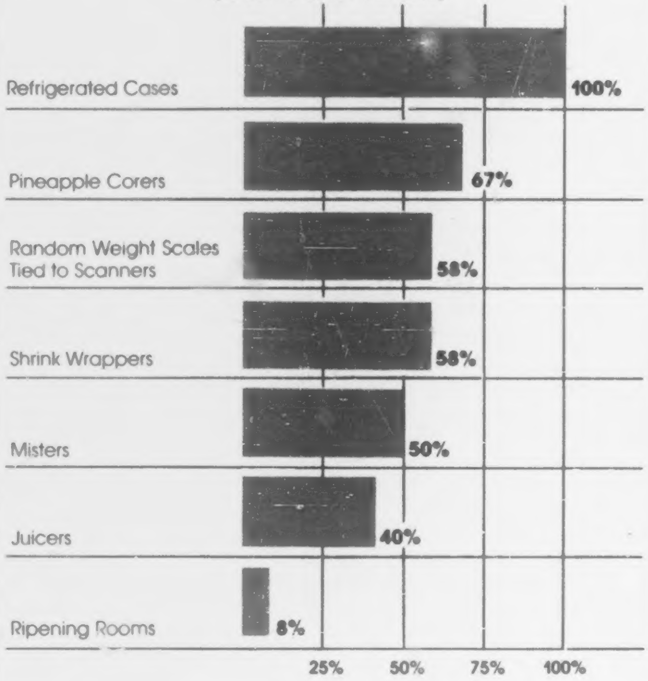
Average Weekly Sales Per Square Foot of Space	
Mean	**$3.42**
By Store Format	
Conventional	**$2.81**
Super Store	**$4.43**

Produce departments are getting larger and larger in order to accommodate more items. The average department is more than 4,800 sq. ft, or about 12% of total store space in whatever sized store it is in. Large floor plans in the department account for a weekly sales level of $3.42 per sq. ft.

The average department is well stocked when it comes to produce equipment. All units now have refrigerated cases, with the majority of produce sections also employing corers, scales tied to scanners, shrink wrappers and misters.

The Well-Equipped Produce Dept.

(Percent of Stores That Have)



command a large share of the produce dollar.

Because there is now such an extensive number of produce items, most don't command a large enough share of produce sales to even measure. Miscellaneous products — those with less than one percent of total produce sales — together make up 53 percent of total department sales.

There is good reason for the retailer to try and do anything he can to increase produce sales. First, produce has long been considered the top drawing card for any store. Secondly, and perhaps more importantly, produce sales are highly profitable. The total produce department has an average gross margin of 32 percent, which is higher than most other food sections.

Gross margin is one thing, but bottom line, take-to-the-bank profits are what grocers are really interested in. In terms of net profit, produce's share of the profits outweighs its share of store sales. Currently, the produce department takes in an average of 7.9 percent of total store sales, but that 7.9 percent generates 16.8 percent of the total net profit for that store. So the profit-to-sale ratio of the produce department is better than 2:1. At current margin and turnover levels, every sale that a retailer can generate in the produce department will generate twice its "weight" in profits.

In 1987 supermarket produce departments averaged $16,476 in weekly sales. This average may be misleading. There is a rather large range in the average department weekly sales depending on the type of store. The average weekly sales for a conventional store were just $5623 compared to the weekly produce sales of $22,331 generated by a super store.

Part of the reason for the big difference in weekly sales among the two store formats is in the size of the departments. The produce department in the super stores of the companies we surveyed averaged 5036 square feet, while those in conventional stores averaged only 2000 square feet.

The more than twice-as-large departments in the super stores helped to account for a weekly sales per square foot figure of $4.43 in those stores, as opposed to the $2.81 in conventional stores. The total average sales per square foot of all produce departments was $3.42 in 1987. The sales per square foot of the produce department, while extremely profitable, are not as high as those of some of the service food departments. Service delis, for example, have average sales per square foot of $6.61, while pharmacies bring in over $25 per foot each week. The produce figure is on par with other departments, such as the instore bakery ($3.55 per foot).

Supermarket produce departments enjoy fairly low labor expenditures. The average department has only about five full-time equivalent employees. These employees are able to maintain the average 4800 square feet of produce department. The average sales per employee for the department are $3051 per week. This is fairly high for a department that is a semi-service department.

Labor costs are a very big part of the reason why produce sales are so profitable. On average, only 9.2 percent of each dollar in produce sales goes to pay for the department's work force. Compare this with the 23 percent labor cost in the deli and more than 33 percent in the bakery.

Loose vs. packaged

Most of us grew up seeing the pyramids of apples or oranges piled high on produce tables, and got a slight feeling of dread when all the apples started to shift after picking one from the base of the pyramid. We've all imagined seeing apples rolling everywhere across the store floor at those moments.

The pros and cons of loose vs. packaged merchandising methods have been argued back and forth for the last 15 years. Currently, retailers are again leaning toward the loose displays. They report that on average 65 percent of their products are sold through bulk displays, and only 35 percent are prepackaged. This is a great victory for those whose mothers taught us how to discover all of a vegetable's inner secrets by squeezing, smelling and feeling.

Produce and meat are two departments that were always a little different. They are the only two departments in the store, other than those sections that produce their own products like the bakery and deli, where the products are judged individually on their own characteristics, and not by their brand

Labor & Service

Number of Employees

Full-time	3.6
Part-time	3.6
Full-time Equivalent*	5.4

Full-Time Equivalent Employees

Fewer than 3	3%
3–4	20
5–6	26
7–9	51
Total	100%

*Two part-time = one full-time employee

How Much for Labor

(Labor as a Percent of Produce Sales)

Mean	9.2%
Median	9.0%
8% or less	23%
8%	7%
9%	24%
10%	45%
11% & Over	1%
Total	100%

Average Weekly Sales Per Employee*

Mean	$3,051
$2,000 or less	9%
$2,001–$3,000	28
$3,001–$4,000	39
Over $4,001	24
Total	100%

*Full-time equivalent employees

Items Sold Packaged or Bulk

(percent of products)

	Mean	Median
Packaged	35	40
Bulk	65	60

Supply

Varieties of Produce Items Sold

Year Round
Mean **173**

Varieties	
100 or less	55%
101–200	7
201–300	20
300 & Over	18
Total	100%

Summer Months
Mean **239**

	32%
	3
	25
	40
Total	100%

Sources of Supply

Delivered Direct to Store	5%
Through Warehouse	95
Total	100%

Use of Locally Grown Products

Mean **11.9%**

	(Percent of Items)
Less than 5%	16%
5–9%	7
10–14%	51
15% & Over	26
Total	100%

Merchandising & Customers

How Customers Spend

Percent Who Shop the Produce Dept.

Mean **51%** Median **50%**

How Much They Spend

Mean	$1.71
Under $1.00	34%
$1.01–$2.00	7
$2.01–$3.00	28
$3.00 or more	31
Total	100%

Labor is the produce department's secret weapon in the war for profits.

With the explosion of exotic varieties, and year-round availability of more common products, the produce department now features a year-round average of 173 items.

About half the store's customers buy produce items, with the average transaction amount being $1.71.

name. With few exceptions, produce products have traditionally been sold unbranded. At most, the items were labelled as being from a certain area—Idaho potatoes or California carrots.

Over the past few years this has begun to change, with more products being sold under a brand name. About two-thirds of the companies surveyed indicated that they had increased the number of branded produce items they carried during 1987, and three-quarters of the retailers believe that branded products will increase in the produce section in the future. Large companies have become active in establishing or expanding national produce brands. As they become more aggressive, consumer acceptance of branded produce will undoubtedly increase.

One indication of the ultimate attraction and importance of the department is the level of consumer traffic and purchases. The majority of patrons walking through a store will make a purchase from the produce department. An average of 51 percent of all store customers buy at least one produce department item. This is much higher than any of the other perimeter departments. Any deli, bakery or meat director would give his eye teeth for a purchase percentage that even approached 50 percent.

On average, each transaction within the produce section is $1.71. In itself, this figure is not enormous, and is lower than those of the deli and meat departments, and about the same as the instore bakery. The $1.71, coupled with the high number of transactions, helps make the produce section one that generates high sales, and maintains high profits for the store. ■

1988 FOODSERVICE DEPARTMENT

OPERATIONS REVIEW

BY DAVID LITWAK, DIRECTOR OF RESEARCH

Prepared foods, cold prepared foods, snack bars, sushi bars, sit-down restaurants, eating areas, cafeterias, off-premise catering—you name it, and supermarkets are getting into it. The concept of the supermarket as a full-service food center is just beginning to come into its own at a few locations, but its importance to the future of food retailing cannot be overlooked.

For years, the pages of INSTORE BUSINESS have contained photos of operators getting into all kinds of store prepared foods. We've shown the reader instore restaurant and snack bar formats, and chronicled the successes and failures of gourmet-trained chefs brought into supermarket kitchens. Many smart operators have used various forms of instore foodservice as a means of competing against restaurants and fast food units for a bigger share of the food dollar.

With its entrance into the foodservice arena, the supermarket has charged headlong into a new area of competition.

With this in mind, INSTORE BUSINESS measured the extent and influence of instore foodservice in the nation's supermarkets. The results of this investigation are reported in this Instore Foodservice Review. This is the first in-depth look at these services in isolation from the larger service departments.

Prepared foods, whether they be entrees, side dishes, sandwiches, salads, pizza, complete dinners, or any number of other types of items are the most prevalent type of foodservice offered by supermarkets. Of the 18,800 supermarkets with service delis, 84 percent offer some types of prepared foods. The sales of these foods were an impressive $1.94 billion in 1987.

As important as the sales dollars of prepared foods themselves are the extra sales dollars they bring into the store by drawing customers to a particular unit. While no hard figures exist, it is clear that many patrons are not just buying prepared food items because they see them in a store that they are in, but are beginning to shop a particular store *because* of those prepared items. As a supermarket's prepared entrees grow in popularity, customers will come to that store to pick up the entree as their main meal ingredient, and subsequently pick up other grocery items. Just as independent delis and gourmet stores always carried some grocery items that they sold as convenient companions to their main prepared food business, many supermarkets are enjoying sales of grocery products as convenience companion sales brought into the store by the prepared foods.

Hot entrees hold a slight edge over refrigerated as to the number of units that carry them. About 79 percent of units with a service deli carry hot items, as contrasted with 75 percent that carry refrigerated.

While hot entrees have been popular for a number of years, refrigerated items are just now enjoying their rise in popularity. Innovative packaging techniques and the widespread availability of microwave ovens have made the refrigerated items as convenient to use as hot products. The availability of refrigerated items sold as self-service items has cut waiting time in supermarkets, which is extremely important when trying to reach the busy consumer on his/her way home from work. Most retailers (88 percent) expect to be offering more refrigerated entrees in the future; only 33 percent say they expect to be adding more hot foods.

Refrigerated entrees have also gained popularity from the operator's point of view. Operators benefit from refrigerated entrees because they are easier to maintain, generally have a better appearance, and ultimately involve lower labor costs. Properly maintaining hot foods that are displayed on a steam table is one of the trickiest, most time-consuming chores that a deli employee faces. Many a deli manager has lamented over dried out ribs, limp lo mein or macaroni with browning cheese on top of it after too many hours on the steam table. These conditions certainly can be remedied, but it takes effort, attention and concern from the department staff.

Retailers are discovering what restaurateurs have known for years: Refrigeration will let prepared food products keep most of their original properties and appearance, if they are packaged properly. Consumers, from their reaction to refrigerated entrees, appear to be very willing to buy refrigerated.

The ideal way to merchandise prepared foods is to have a balance between the hot and the refrigerated items on your "menu." Most retailers seem to be taking this dual approach since over 70 percent of the stores that sell prepared foods do sell both kinds. Knowing which foods to offer hot and which refrigerated is a matter of experience, and knowledge of the items themselves, as well as the tastes of consumers in your area.

The average weekly sales of prepared food products in supermarkets was $2651 in 1987. The actual range of weekly sales figures was very large with about a third of the retailers doing more than $3000 in prepared foods sales per week. In those stores that sold them, prepared foods accounted for an average of 1.7 percent of the total store sales. This was higher than the 1986 sales of prepared foods in 75 percent of all units.

Many times when a business branches out into a new product area, it takes a while before those types of products start bringing in profits. Not so for prepared foods. Operators report that the prepared foods in their stores have an average gross margin of 53 percent. As supermarket margins go, that is quite a high figure. The margin for the total service deli department is only 44 percent, while the instore bakery is 47 percent, produce 32 percent and fresh meat only 20 percent.

Prepared foods are enjoying the high gross margin, but one is tempted to ask the question — is a margin of 53 percent high enough? When the supermarket sells fresh prepared foods, it is competing directly with restaurants, gourmet take-out stores, and off-premise caterers. The average mark-up taken by members of these industries, especially the take-out stores and caterers where sitdown service is not a factor, is between 100 and 200 percent. It would appear that the supermarket can still increase the margins it's getting on prepared food items, while maintaining its competitive pricing against other members of the foodservice industry.

Can supermarkets really make a profit selling prepared foods? They can, and they do! Prepared foods contributes an average of 4.1 percent of the total store profit to those stores that sell them. With a ratio of profits contributed to sales of better than 2:1, prepared foods have proven themselves to be highly profitable additions to the store's product mix.

Somewhat surprising is the fact that labor is not that much of a factor in the profits generated by prepared foods. On average, just 14.7 percent of prepared food sales is accounted for by labor costs. This is more than a third less than the percentage of sales that labor accounts for in the total service deli.

How can a labor-intensive activity like preparing foods have such a low percentage of its sales eaten up by labor costs? The answer has to do with the higher profit margins generated by selling products that have been combined into a finished item as opposed to selling them individually. Also, there just might be less labor involved in preparing a large quantity of an item, especially refrigerated

Prepared Foods Census

About 85% of stores with a service deli department use that department to merchandise prepared foods. Sales of both hot and refrigerated entrees, side dishes and other products bring in an average of $2,651 a week.

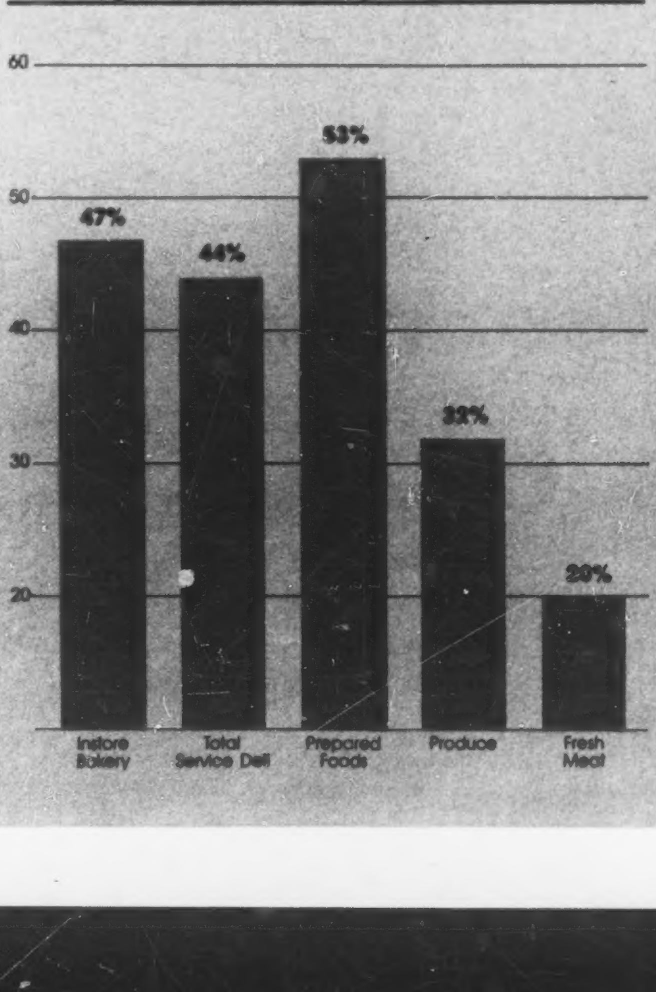
Prepared foods account for only about 1.7% of total store sales, but with margins averaging 53% prepared foods add about 4% to the bottom line of stores selling them.

Prepared Foods Sections

	Number of Supermarkets' Selling:	Percent of Total Units With Instore Delis Selling:
Any Prepared Foods (Hot or Cold)	**15,792**	**84%**
Hot Foods	**14,100**	**79**
Refrigerated Prepared Foods	**13,912**	**75**

*9% of these stores started selling prepared foods in 1987

Gross Margins of Various Store Departments



Annual Sales 1987

Prepared foods **$1.94 Billion**

Sales & Profits

Prepared Foods Share of Total Store Sales

Mean **1.7%** Median **1.0%**

Contribution of prepared foods to store profits

Mean **4.1%** Median **4.2%**

Average Weekly Sales

Mean **$2,651** Median **$2,163**

Weekly Sales	
$1,000 or less	**1%**
$1,001-$2,000	**4**
$2,001-$3,000	**62**
$3,001 & Over	**33**
TOTAL	**100%**

Average Gross Margin of Prepared Foods

Mean **53.0%** Median **53.0%**

Gross Margin	
Less than 40%	**2%**
40-50%	**26**
51-55%	**2**
56-59%	**68**
60% and over	**2**
TOTAL	**100%**

self-service products, than there is in custom slicing cheese and cold cuts in the service deli. Admittedly, some of the labor costs involved with the customer service end of prepared foods are probably attributed to the total deli instead of the prepared items.

Where the food comes from

The labor picture in the deli department is starting to change as a result of the incorporation of prepared foods. About 11 percent of service deli staff members are now reported to be trained cooks. The term "trained cooks" certainly means many different things from company to company. In many cases the term connotes employees who have completed some sort of in-house training program, and can finish off and decorate products from foodservice suppliers, or can cook hot dogs and make tuna sandwiches at the snack bar. This definition is, however, not always the case. More and more supermarkets are turning not only to "trained cooks," but to chefs.

Operators who are serious about prepared foods have begun hiring experienced chefs, usually right out of restaurant kitchens. In some cases these chefs may well be graduates of one of the more well-known culinary institutes in this country, or in Europe. This has helped to establish the reputation of these companies' products as being high-quality, gourmet items, and has helped them to differentiate their food offerings from those of other retailers who may be taking more of a mass foodservice supplier approach.

Retailers get their prepared foods from a variety of sources. The bulk of these foods currently comes from foodservice suppliers. Operators report that they buy two-thirds of their current prepared foods offerings directly from a supplier. Most of these products come fully prepared. The other third of the products are produced by the supermarket companies themselves. Most of these company-produced products are actually made in the stores, and they range from the very simple to the fairly sophisticated. The remaining products are produced in a company-owned central kitchen or commissary.

One interesting fact is that virtually no prepared food products are bought from local restaurants or independent caterers. Even though such outlets are sometimes the competition, they can also be untapped sources of quality prepared food products.

Instore eating

Not all instore foodservice is of the take-out variety. Supermarkets across the country have begun implementing instore eating in one form or another. Whether it be for a quick snack while shopping, lunch for neighboring workers, or a complete sit-down dinner, the supermarket is starting to pro-

Prepared Foods Sales, Labor Products

Supermarkets are increasingly turning to experienced cooks and chefs to create their prepared food offerings. This helps to account for labor costs of 14.7% of sales for prepared items.

The extra effort seems to be paying off. Three quarters of grocery companies report that their sales of prepared foods increased during 1987. Although prepared foods, especially refrigerated prepared foods, can be merchandised anywhere in the store, the vast majority are sold through the service deli.

Changes in Dollar Sales of Prepared Foods

(1987 vs. 1986)

Higher	75%
No Change	25
Lower	0
TOTAL	100%
Average Reported Increase	12.6%

How Much for Labor

(As percent of prepared food sales)

Mean 14.7%	Median 11.6%
less than 10%	3%
11-20	80
21-29	7
30 and over	10
TOTAL	100%

Percent of Total Prepared Food Sales Sold Through:

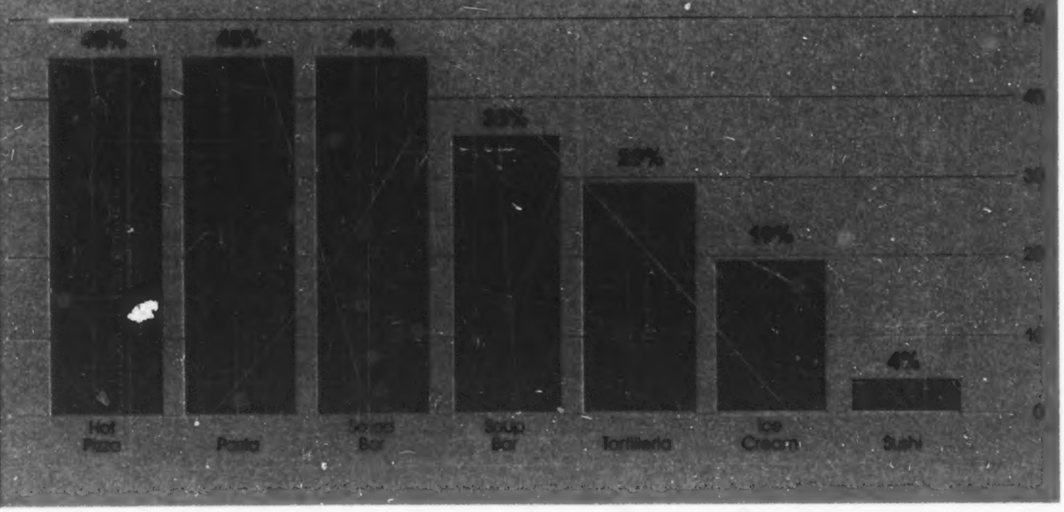
Service Deli	85%
Separate Hot Service Counter	8
Self-service Area	5
Refrigerated Case	2
TOTAL	100%

Trained Chefs

Percent of Instore Staff that are Trained Cooks	10.9%

Special Food Service Sections

Percent of Companies



vide facilities, food and service.

America is becoming more of an eat-out, eat-on-the-go society. The prepared foods offerings on a take-out basis meet one part of the needs of this mobile society. They offer quick, quality foods that can be used for a meal at home. For the times that an at-home meal is not feasible or desirable, many stores are offering not only the food, but a place to eat it as well.

Just how much should the average operator get into the field of prepared foods and eating facilities to make them pay off?

The importance of providing a facility for eating is recognized by most operators. Of the stores that have service deli departments, 71 percent have some sort of area in which people can sit and eat. The majority of these 13,300-plus eating areas are simple tables and chairs, or counters tucked away in a relatively quiet corner somewhere. They are intended for the consumption of items purchased at the deli, snack bar, or instore bakery, and are often located adjacent to those areas.

Of course, there are eating facilities in supermarkets that do come with the food attached. Almost 1700 units now have snack bar facilities, where the patron can get a quick snack or fast meal. Some supermarkets were not content to stop at the snack bar stage and have evolved their facilities into full-scale restaurants and cafeterias, complete with sophisticated menus, waiter service and, in some cases, wine lists. The almost 200 restaurant units feature extended menus, and many are open late hours to accommodate late dinner, or after theater crowds.

While snack bars are generally small facilities, often at the front of the store, restaurants involve a much larger chunk of the store's real estate. The average supermarket restaurant cafeteria is about 1500 square feet. A large proportion of this room is taken up with the actual dining area, as many restaurants share kitchen facilities with the service deli area. Additionally, it is a general rule of thumb that the chef in charge of the deli foods is also the restaurant's executive chef. This is the case even though the restaurant menu is often different than the prepared foods offered in other parts of the store.

There are two basic reasons for operating a restaurant within a supermarket. First is the opportunity to cash in on a need in the market area for the type of service you are trying to provide. If there is a need for a specific type of restaurant facility, whether it be for lunches, dinners or late snacks, and the investment of space and resources can be justified, then it might prove to add additional revenue to the store's bottom line—if the facility is planned and operated correctly.

The second reason is that for a store that has an aggressive prepared food program, especially one that is upscale or gourmet, a restaurant is often used as a way to showcase those foods. If the store's restaurant has a quality image, operators say, then that image will rub off on the rest of the store's foodservice.

The quality and image of a supermarket restaurant, or any

Eating Areas

While still primarily a takeout business, instore foodservice has increased its participation in the on premises foodservice business. There are now almost 1,700 instore snack bars, and this number appears to be growing. Over 70% of the nation's supermarkets provide some sort of instore eating facilities where patrons can sit and eat store purchases. This, in effect, turns the whole store into a large snack bar.

Stores With Eating Areas

	Number of Supermarkets	Percent of Stores with Delis Having Each Section
Snack Bars	1,692	9%
Sit-Down Restaurants/Cafeterias	188	1
Sit-Down Eating Areas	13,348	71
Drive-Thru Areas		<1%

Average Size of Sit-Down Restaurants/Cafeterias 1,500 sq. ft.

Average Gross Margins of Eating Sections

Snack Bars	50.0%
Restaurants/Cafeterias	60.0
Off-Premise Catering	58.8%

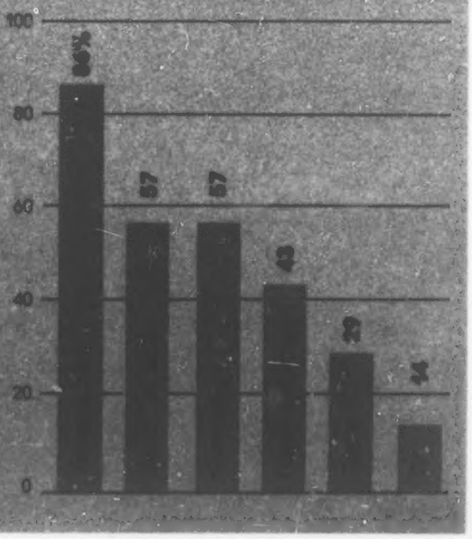
Who Manages the Sections

	By Deli Dept.	As Separate Section
Snack Bars	100%	—
Restaurant/Cafeteria	75	25
Off-Premise Catering	100	—

Do You Consider Instore Eating Facilities to be:

Image/Traffic Builders	20%
Profit Centers	0
Both	80
TOTAL	100%

Advertising and Promotion Instore Foodservice



All indications are that supermarkets will expand on the instore eating concept. Prepared foods and instore eating have helped supermarkets evolve into full service food centers.

restaurant for that matter, is hard to establish and maintain. Planning and operation are the keys to creating and enhancing that image. Retailers who have dabbled with restaurants in their units stress the differences in the operations of stores versus restaurants.

Many grocers hesitate, and rightfully so, to get into eating facilities because of their lack of restaurant expertise. This is part of the reason that grocers have begun wooing chefs from restuarants, or have been turning to consultants who have experience in both the supermarket and foodservice fields. As one supermarket foodservice director put it, "It's very hard to teach a grocer to run a restaurant or foodservice unit, and almost as hard to take a restaurateur and teach him to operate within the dynamics of a supermarket." Grocery operators are having a hard time finding a person who can do both.

Another form of instore foodservice that is beginning to become popular is off-premise catering. About 40 percent of the companies say they offer some type of catering services. Most of these retailers offer only party platters. Those companies that do offer more sophisticated forms of off-premise catering are really on the cutting edge of the instore foodservice movement. Outside of being a profit-generating service, catering is another way to enhance an operator's foodservice image. As with restaurants, catering is used to showcase the prepared food products that a company offers in their stores. Retailers have used catering as a way of reaching out into the community, and involving the store in the community's functions.

The instore eating facilities can be extremely profitable for retailers, if they are handled correctly. The average gross margins generated by both snack bars, and supermarket restaurants are 50 percent, which puts them among the highest margined sections in the store. Off-premise catering, which usually borrows most of its production space from the deli or commissary, has a margin of 59 percent. If the sales from these sections can be kept at a high level, the profits will be there.

According to retailers, instore eating facilities do produce profits. Eighty percent of the retailers indicated that they considered their instore eating areas to be profit centers, as well as image builders.

Grocery companies are beginning to promote and advertise their instore eating sections. Most companies (86 percent) promote the facilities in newspapers. Interestingly, some enterprising retailers have started placing ads for their restaurants or catering, not in the food sections, but in the entertainment and dining sections of the paper. You have to compete where the competition does. Store circulars and sampling are other popular means of promotion for these services and facilities.

Where do these new eating facilities and foodservice offerings fit into the larger supermarket operating scheme? Basically foodservice, in any form it takes, has fallen under the purview of the service deli department. Virtually all the snack bars and catering facilities come under the management of the deli department, whether in the store or at the district office, and 75 percent of the restaurants/cafeterias come under deli jurisdiction. The remaining 25 percent of supermarket restaurants are managed as separate departments.

The deli manager as restaurateur, caterer and gourmet take-out entrepreneur is quite a role to have to fill. There is little chance of success in all these roles without a great deal of direction from headquarters. The upshot is that the deli section has come a long way from just slicing bologna. Not that bologna is still not extremely important, but the deli has taken the forefront in the fight for the foodservice dollars.

Foodservice has one solid advantage in that it draws on the products and expertise of many of the store's departments. True, the deli generally manages the store's foodservice efforts, but those efforts usually feature products from the bakery, produce, meat and grocery departments. It is a good way to showcase the types of items sold throughout the store. Many smart operators are using foodservice as a way to cross merchandise general merchandise and floral items as well as food products.

There is one additional consideration that instore foodservice forces an operator to look at. When instituting any type of instore foodservice, whether catering, restaurants, snack bars or just prepared food products, the retailer has to rethink his image of his competition. No longer is he just competing with other grocery retailers. He is now competing directly with restaurants, caterers, take-out shops and fast food units—and he is competing on their turf. These competitors cannot be given lip service and must be included in the competitive analysis done for any unit. Retailers who fail to include these new competitors will probably be instituting instore foodservice departments that are doomed to fail. ■

Prepared Foods Merchandising & Production

Despite the increased use of trained personnel, the lack of availability of the number of trained chefs needed is one reason that most operators purchase 67% of their prepared foods from foodservice suppliers. Operators predict they will be offering more refrigerated items in the future.

In Which Direction Will Your Prepared Food Sections Go in the Future

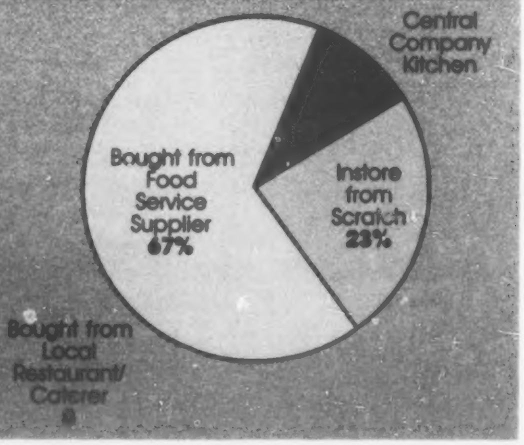
More Service	56%
More Self-Service	44
TOTAL	100%

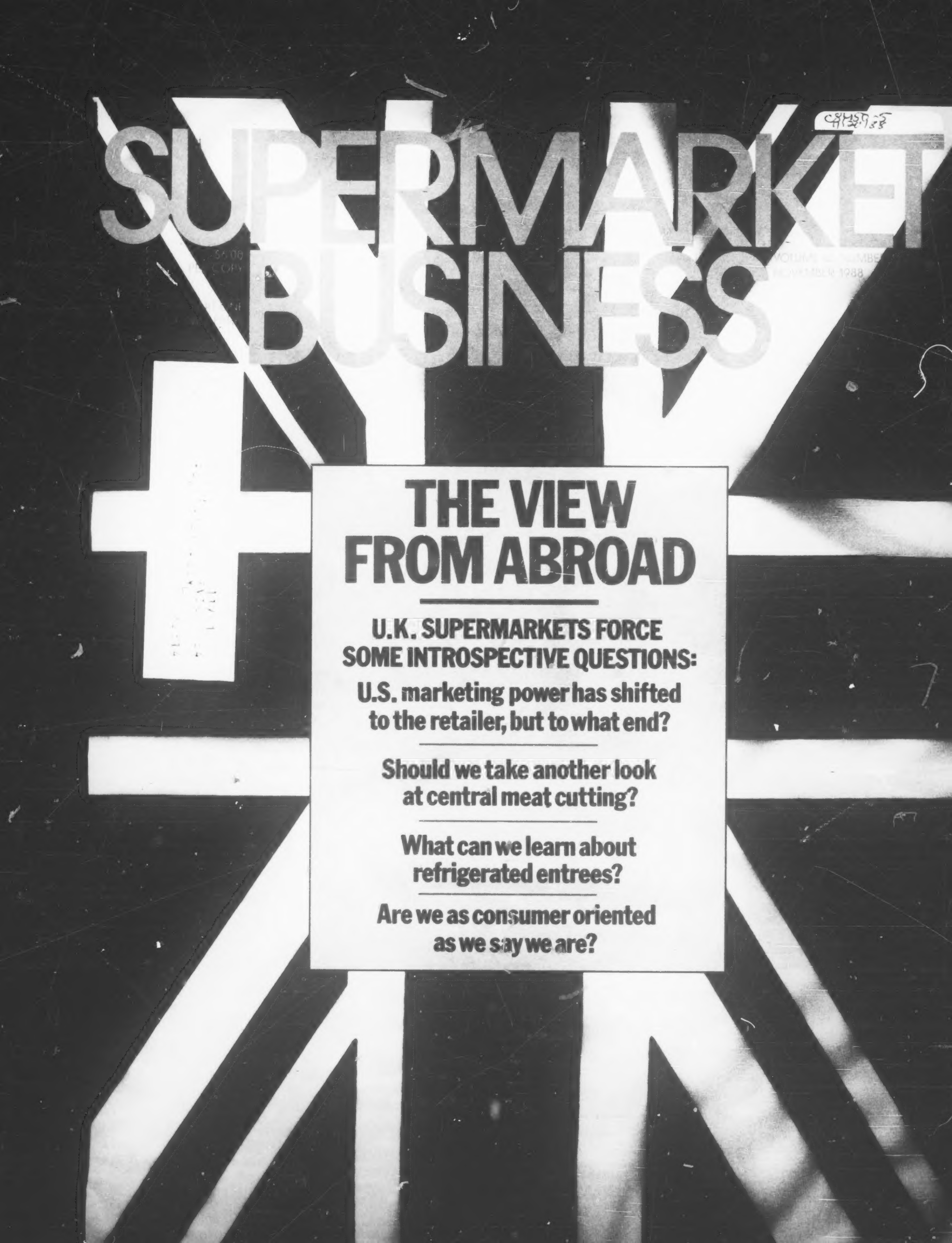
[illegible]ared Foods Products [illegible] the Future

More Hot Foods	33%*
More Refrigerated Foods	88
No Change	12

*Includes multiple responses

How Food Products Are Produced





SUPERMARKET BUSINESS

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NOVEMBER 1988

THE VIEW FROM ABROAD

U.K. SUPERMARKETS FORCE SOME INTROSPECTIVE QUESTIONS:

U.S. marketing power has shifted to the retailer, but to what end?

Should we take another look at central meat cutting?

What can we learn about refrigerated entrees?

Are we as consumer oriented as we say we are?

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Cover Photography: Marisa Pellegrini

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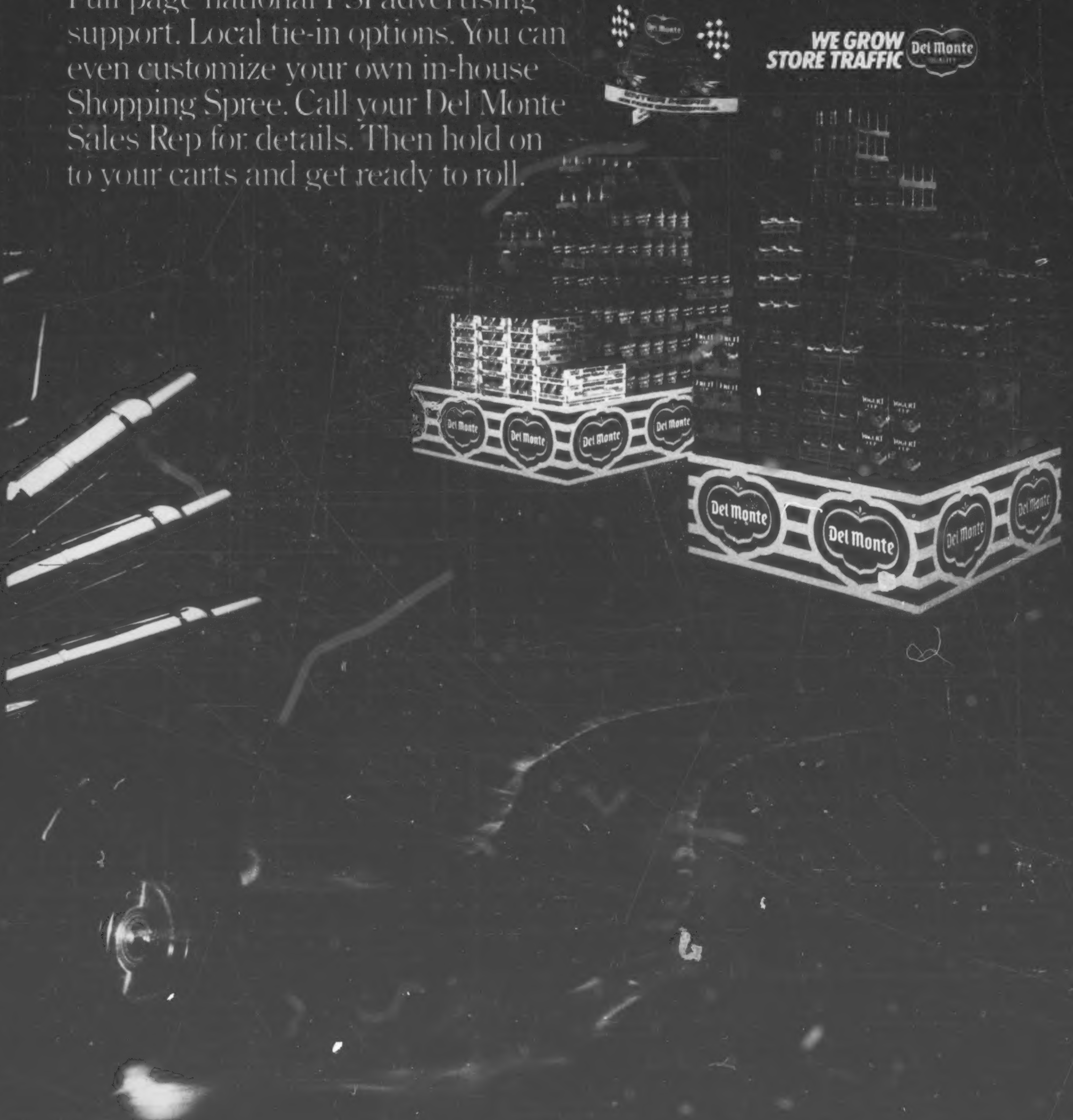


TRADE SCAN

Brown Bag Lunching Found To Be An Upscale Trend

Do the delis that you operate in upscale areas encompass a full array of ready-to-eat items in single-serve packages that can be easily brought to work for lunching or snacking? Do they also carry low-calorie items and snack foods that fall into this category? If so, they are well on their way to increasing your profits. If they don't, now would be a good time to start.

According to a new study, "The Carried Food Market," conducted by MRCA Information Services (a market research firm based in Stamford, Conn.), higher-income individuals are far more likely to brown bag snack and lunch items than lower-income groups. What they are brown-bagging are single-serve packaged products and snack food items such as cheese, cookies, salty snacks, fruit and yogurt.

This trend truly indicates that you have an opportunity, now more than ever, to increase your deli sales in upscale areas by catering to this new brown-bagger crowd. You can start by offering them more of a variety in single-serve items, luncheon meats or snacking items, and possibly having specials on those types of foods. You may also want to hold special promotions to attract more of these brown-baggers. The possibilities are endless.

Correction

Merrill-Lynch, not Kohlberg Kravis Roberts & Co. as mentioned in last month's editorial, was involved in the Pathmark acquisition.

Saturday For Shopping ... & Sunday For Advertising?

Did you know that Saturday is the most popular day for food shopping, followed by Friday? That's the scoop, according to a recent Mediamark Research study.

Nevertheless, supermarkets in different parts of the country do their advertising on different days. Retailers in Atlanta, Los Angeles, Providence and Cleveland stick to the traditional Wednesday evening/Thursday morning schedule, for example, while those in Boston, Dallas, Minneapolis and Denver aim for their audience on Sunday.

Here's how the shopping days shape up:

HOMEMAKERS

	Total	Women	Men
Monday	14%	14%	15%
Tuesday	15	14	19
Wednesday	18	18	20
Thursday	19	19	18
Friday	24	24	21
Saturday	26	25	32
Sunday	12	11	19
Number (in 000s)	(97,793)	(79,236)	(18,857)

(Columns total more than 100 percent because some respondents reported two or more shopping days.)

Customer Service Ranks 2nd On Retailers' Worry List

Concerns about customer service—or the lack of it—rank high on the list of issues facing retailers. In fact, customer service falls in right behind the number one problem—increased competition—according to a survey conducted recently by Touche Ross Retail Services.

Ninety-six percent of the retailers responding to the survey said that acquiring experienced, reliable salespeople is a critical problem (51 percent) or somewhat of a problem (45 percent).

Perhaps even more frightening, 88 percent said they expect difficulties in finding qualified staffers to intensify during the next five years.

The "birth dearth" of the 1960s and '70s is having a shrinking effect on the nation's available work force, explains Harvey Braun, chairman of the Retail Services Group. The labor shortage will worsen during the next five years, he adds.

To compensate for the lack of younger workers, 24 percent of the retailers questioned said they already have a program in place for hiring retired people; another 16 percent are currently developing such a program. The larger the company in terms of annual sales, the more likely it is to implement a retiree-hiring program, the survey found.

September Contest Winners Look To SB For New Ideas

Two supermarket managers made it into our winners' circle this month, by answering all our September contest questions correctly.

Jim Gallagher, manager of a Mayfair Foodtown in Twin Rivers, N.J., says he reads SUPERMARKET BUSINESS "to get ideas, and to see what's going on around the globe," so he'll be particularly interested in this issue's international focus.

Jim has been reading the magazine for several years, but didn't start entering the contest until recently. "Several people from my company do it, so I finally decided to take the time to do it also," he says.

Jim's co-winner is Kenneth Land, co-manager of a Kroger Sav-On in Myrtle Beach, S.C., who's aspiring to become a unit manager with Kroger.

Ken says he reads SUPERMARKET BUSINESS "cover to cover, because it's a well written magazine with a lot of information that helps in the everyday operations of the supermarket.

"I oversee the perishables at the front end of the store, but I read the total magazine for ideas that I can use myself, or can pass on to other managers in areas that are not my responsibility," he says.

Winners of this month's SUPERMARKET BUSINESS contest will receive portable color TVs.

The November contest is on page 73, preceded by the list of correct entries for September, which begins on page 72.

New Zealand Supermarket Re-oranging Record

As we all know by now, Andy Warhol said that, in the future, everyone will be famous for 15 minutes. And, since he's dead, this must be the future. They seem to think so in New Zealand. In fact, they seem to have built on Warhol's theory, concluding that as a conglomeration of individuals, a country deserves to be famous for 15 minutes per year. So perhaps something that happened at The Big Fresh Food Company store in Auckland might be explained as an attempt by New Zealand to break back onto the world scene. Big Fresh has imported 220,000 Valencia oranges from Australia to set the record for a citrus display. Big Fresh is attempting to contact Dole in Florida to verify the record.

BY CAROL FENSHOLT

At day's end, central London's professional crowd flocks to J. Sainsbury's for a meal-to-go on the way home from work.

MINDING THE STORE... & THE MARKETING PROCESS

Prepared sandwiches and snacks get eye in high-traffic location, an aisle end.

What's going on here?

Last month, for the third straight year, the J. Sainsbury Company was crowned Great Britain's Number One Marketer.

In a survey commissioned by British *Marketing Week* Magazine, the U.K.'s largest supermarket chain surpassed not only the impeccable British Airways (No.3), but edged out Lever Brothers (No. 2) and Procter & Gamble (No. 6).

U.S. manufacturers from the old brand management school would find it astonishing: "A company that operates *supermarkets* — those product delivery pipelines that we push and consumers pull the goods through — tapped as the nation's top *marketing* maven?"

Well, why not? In the U.K., at Sainsbury and elsewhere, the lines of distinction between retailers and suppliers are much less sharply drawn.

Hence, marketing is a more organic process ... and supermarkets are indeed *super marketers*. As actively involved in new product concepts and development as any major manufacturer, British retailers have long exploited their natural advantage to a degree that the American retailer never has.

For more than 25 years, Sainsbury has been renowned for the variety and quality of its own house-brand products.

J. Sainsbury, like other U.K. retailers, has long seen itself as much more than the far end of the product delivery pipeline.

The country's top marketers seem to agree.

Sainsbury's top-quality own-label merchandise includes seasoned ready-to-heat poultry, and a wide variety of house-label wines and champagnes.

THE TOP 10 U.K. RETAILERS*
In Billions of Pounds
(all classes of trade)

Company	Volume
Sainsbury (incl. Homebase; excl. Savacentre)	4.34
Marks & Spencer	4.17
Tesco	4.12
Dee Corp. (Gateway, Wellworth, Medicare)	3.77
Argyll (incl. Mojo, Snow King)	3.23
Asda (incl. MFI and Associated Dairies)	2.72
Woolworth (incl. Comet, B&Q, Superdrug, Charlie Brown's, Kidstore)	2.17
Boots (incl. Children's World)	1.96
John Lewis Group (incl. Waitrose)	1.50
Sears Group (incl. Freemans, Lewis's)	1.48

*Financial years ending January-April, 1988
SOURCE: Corporate Intelligence Group

U.K. FOOD RETAILER/RELATIVE VOLUME PERFORMANCE (1980 = 100)

	Chains	Small Grocers	Co-ops	Butchers	Greengrocers
1980	100	100	100	100	100
1981	106	96	96	96	100
1982	114	92	92	90	98
1983	123	84	92	94	103
1984	130	77	90	97	104
1985	140	77	90	95	106
1986	149	76	90	93	103
1987	159	76	92	93	102

SOURCE: Corporate Intelligence Group

GROCERY MARKET SHARES OF U.K. SUPERMARKET COMPANIES (In Percent)

	83/84	84/85	85/86	86/87	87/88
Tesco	11.3	12.0	12.5	13.1	14.0
J. Sainsbury	11.7	12.3	12.8	13.5	13.9
Dee	4.2	7.7	12.2	11.1	11.5
Argyll				9.6	10.7
(Presto)	(5.0)	(5.7)	(5.7)	(5.7)	(6.1)
(Safeway)	(3.0)	(3.2)	(3.6)	(3.9)	(4.6)
Asda	7.2	7.4	7.5	7.4	7.6
Co-op	13.8	13.3	13.3	12.4	12.1

SOURCE: Verdict Research

SAINSBURY FACTS & FIGURES . . .

Headquarters:	**Stamford House, Stamford Street, London, SE1 9LL**
Number of U.K. Supermarkets:	**279**
New U.K. Supermarkets Planned (88-89):	**28**
Average U.K. Supermarket Size:	**19,540**
Average New U.K. Supermarket Size:	**35,400**
U.S. Operations:	**Shaw's Supermarkets (Brockton, Mass.),** 60 supermarkets in Maine, New Hampshire, and Massachusetts
Other Retail Divisions:	**Homebase** (D.I.Y./garden stores), **SavaCentre** (food/GM hypermarkets).
Total Company Volume:	**5 Billion Pounds ($8.4 Billion*)**
Sainsbury's Supermarket Volume:	**4.4 Billion Pounds ($7.4 Billion*)**
Shaw's Volume:	**451 Million Pounds ($762 Million*)**
Pre-Tax Profit (U.K.):	**301.2 Million Pounds ($510 Million)**
Pre-Tax Profit (U.S.):	**16.5 Million Pounds ($26.1 Million)**
Net Margin (U.K.):	**6.42%**
Chairman:	**Sir John Sainsbury**
Joint Presidents:	**Lord Sainsbury of Drury Lane, Sir Robert Sainsbury**

*Results translated at an average exchange rate of 1 pound at $1.69, adjusted over the 52 weeks through March 19, 1988.

Closest to consumer

The U.K. approach seems to make a lot of good sense: After all, the supermarket is closer to the consumer than anyone. Like nobody else, it can get consumer input and feedback instantly ... if it wants to.

In the U.K., it does.

Tesco, Sainsbury's largest competitor, might well now be an acronym for "Test Company," so aggressive has its consumer research become:

Last year, 100,000 consumers participated in the evaluation of 22,000 products ... both the company's own label and manufacturers' brands. The locus of the focus groups and other assessment processes was the network of consumer kitchens within Tesco stores across the U.K.

The result: a veritable upwelling of creative new products and service ideas. Tesco introduced 300 new refrigerated entrees and side dishes alone in the past year ... along with a new low-based refrigerated cabinet of its own design to accommodate them.

At J. Sainsbury, its own brands account for 55 percent of total sales. Among other things, it's the largest wine retailer in the U.K., merchandising 184 house labels as well as renowned wines from around the world.

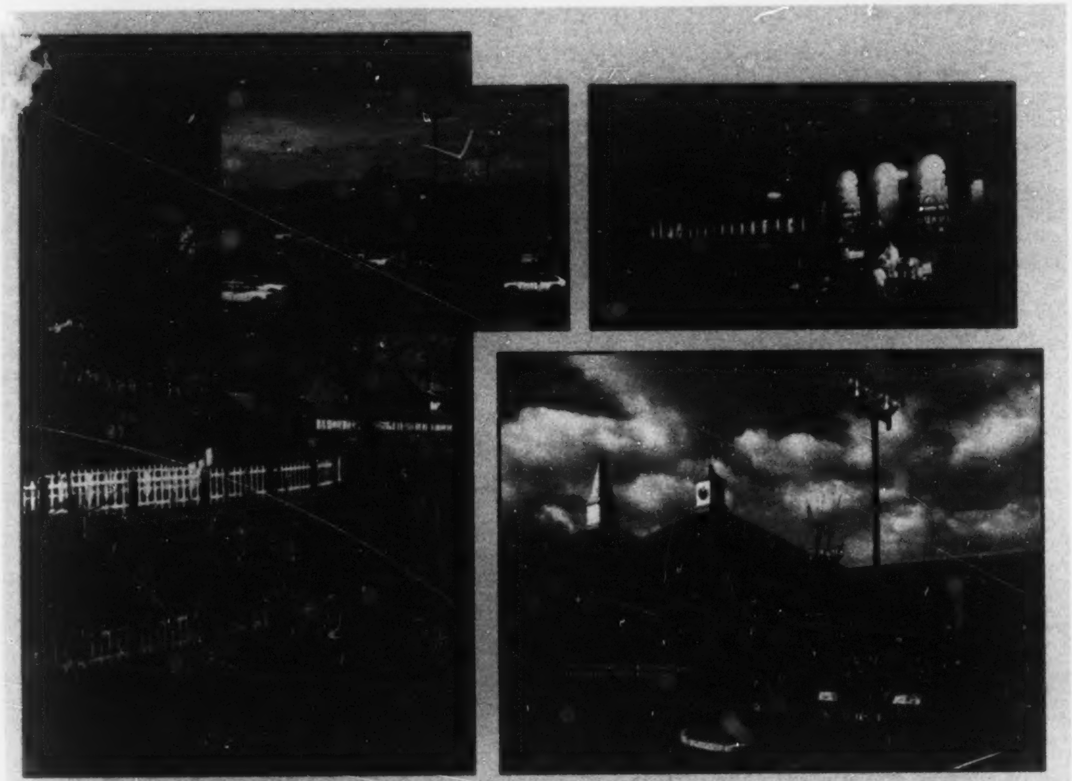
Sainsbury's "intrapreneurialism" even extends to *books* about wine. And, as in so many other product lines, the quality is exceptional: Commissioned and published by the company, its *Book of Wine* by enology expert Oz Clarke received Britain's Deinhard & *Wine Magazine* Book of the Year Award.

Other top-quality Sainsbury brands include children's cereals — designed and packaged with the same level of marketing snap, crackle & pop as the best U.S. brand — a line of cosmetics, and even "CFC (chlorofluorocarbon)-Free" hair styling spray ... produced in response to its customers' environmental concerns.

Buyers are marketers

All this product development activity calls for a buying department — though that's hardly the best word to describe it — about 50 percent larger than a U.S. supermarket doing equivalent volume.

That's necessary because "Our buying departments are, in reality, marketing depart-



EDIFICE COMPLEX:

The Social Impact Of U.K. Supermarket Design

"We're not selling stores — we're selling *merchandise*" has been an oft-repeated defense of inexcusable retail edifices.

Ah, but sometimes one must sell the building first ... to the planning board. In England especially, land is at a premium and its commercial use is tightly regulated by both law and strict local authority.

And today, it's not just the social impact, the commercial impact and the environment impact of a proposed business development that are scrutinized—it's the aesthetic impact, as well.

Indeed, in the U.K. national aesthetic awareness has been recently heightened by no less a personage than Prince Charles himself, whose commitment to preserving and perpetuating Britain's rich architectural heritage has become a cause celebre notorious among British developers.

Consequently, Fleet Street as well as city fathers are now out to protect the public from structural pollution.

Recently, award-winning feature writer Lynda Lee-Potter of the London *Daily Mail* praised Sainsbury for its aesthetic sensibilities.

Lee-Potter's opinion piece asserts that the beauty of its buildings strongly influences a society's behavior.

Here is a sentiment that, by the recent profusion of supermarket roof ridges, domestic-like dormer windows, turrets, clock towers and weathervanes, is shared by more and more food retailers in the United Kingdom ... or is, more and more, forced on them by their local planning boards:

'Curse Of The Ugliness That Breeds Junk Lives'

My local Sainsbury's in Dorset has just been relocated and rebuilt in brick. It looks rather like a mellow barn that will only get more beautiful with age.

There is a covered walkway under a curving canopied entrance surrounded by trees. The forecourt has been landscaped and paved with seats where the old can sit, young mothers chat, and children safely play.

Last Saturday afternoon around 4 p.m., there wasn't an empty crisp bag or discarded Coke can to be seen. Because who would defile surroundings designed with such loving care, where the ordinary task of shopping has been turned into a pleasure?

I only pray that slowly — and nearly too late — we're beginning to acknowledge that everyday surroundings affect not only our spirits but also our behaviour.

Put people in shoddy concrete tower blocks and they'll behave like savages. Dump them in wastelands like Skelmersdale, and the weakest will be defeated.

Nobody ever felt enriched by reinforced concrete; there is no inspiration in the covered noisy hell of an Arndale Centre.

Nobody's soul ever soared in Birmingham's Bull Ring, or the Moat House International, which must be one of the ghastliest buildings in England.

In a society where many daren't venture out at night ... the blame has rightly been put on parents and teachers.

But it also ought to be laid at the door of a body of architects who treated the population as though they were stupid, blind and could be herded away in high-rise cells.

Of course you get graffiti and filth when people are dehumanised by ugliness. Create a jerry-built world and you'll get jerry-built behaviour...

Continuity is important in all our lives, a conviction that buildings will be there long after we've gone. But how can you get that from monstrosities that look as though they've been erected by those who hate the human race?

...Our architecture is of fundamental importance to our quality of living in a way that has never been fully expressed.

And I only wish more commercial organizations cared for our welfare, our happiness, and our souls.

ments," says R.A. Clark of J. Sainsbury.

At Sainsbury, as mentioned in another part of this section, a primary responsibility of company buyers is not buying *product*, but buying *product development* expertise and services.

For although better than half of its total sales come from its house brands, Sainsbury — like other U.K. retailers — has so far avoided Horseheads, N.Y.-like forays into the manufacturing business.

Instead, it prefers to work with manufacturers, establishing quality standards and then jointly fine tuning the product in consumer tests.

Indeed, it's the diametric opposite of what typically goes on in the U.S., where the manufacturer develops and markets a new product ... and the retailer, if he likes it, "knocks it off" by producing a less-costly version under his own, or a no-frills, label.

As one British retail executive says, "Here, retailers have captured the product development lead — we are in the chief role. Here, it's the manufacturer who has to second-guess it."

In annual retailer-manufacturer planning meetings, the question is not so much, "How much will we sell ... or will you buy?" but: "*What* will we sell, how big is the market and *what do we need to develop?*"

Computer systems provide stores with timely operations control.

RATATOUILLE

Pizza
WITH PEPPERONI

ALL IN THE FAMILY...

A controlled flow of internally generated new products is the lifeblood of today's more and more competitive British supermarket business.

Both Tesco and Sainsbury are continually testing, refining and introducing "own-label" items ... although both companies still rely on manufacturers to make the products.

Tesco introduced some 850 new products last year alone ... 300 in the sharply growing category of fresh prepared foods.

At Sainsbury, 55 percent of sales come from its own labels, including 184 wines and its "Traditional Beef," more flavorful than what is commonly sold today because it is allowed to age longer on the bone.

Packaging, too, is moving fast. Appropriate graphics are developed in-house for every own-label product sold, and are as sophisticated and attractive as any major marketer has ever developed.

Vacuum packs are common, especially for meat and prepared entrees. And seeing no particular payoff of operating a meat-cutting plant in every store, the British supermarket business is moving in the direction of central meat processing.

Fewer new products

One result of the U.K. supermarket product development process is that fewer new products enter the pipeline. This, British operators contend, is because their approach is to develop *one* product very carefully, rather than throw 10 at the wall and hope that one sticks.

The store operator does not rely on the manufacturer's research to tell him how a product is likely to perform. "We do our own market research," one U.K. executive says. "We have a huge data base."

Partly because it doesn't have the U.S. operator's torrential flood of new products to find homes for on the shelf, Sainsbury super stores carry some 10,500 items — just about half of what the typical U.S. super store carries.

In U.K. supermarkets, the failure rate of new products is lower, and there's less adding and dropping of them. Having been initiated by known consumer needs and tested by the stores among their own customers, the new product goes on the shelf with a better chance of success.

When it does fail, Sainsbury, for one, knows it soon enough. Having moved aggressively into scanning, it gets immediate feedback from the front end as well as from customers themselves.

Currently, more than 80 percent of Sainsbury's sales are rung up by scanning checkouts.

The company's acquisition of Shaw's (Brockton, Mass.) has helped advance and refine its technological edge.

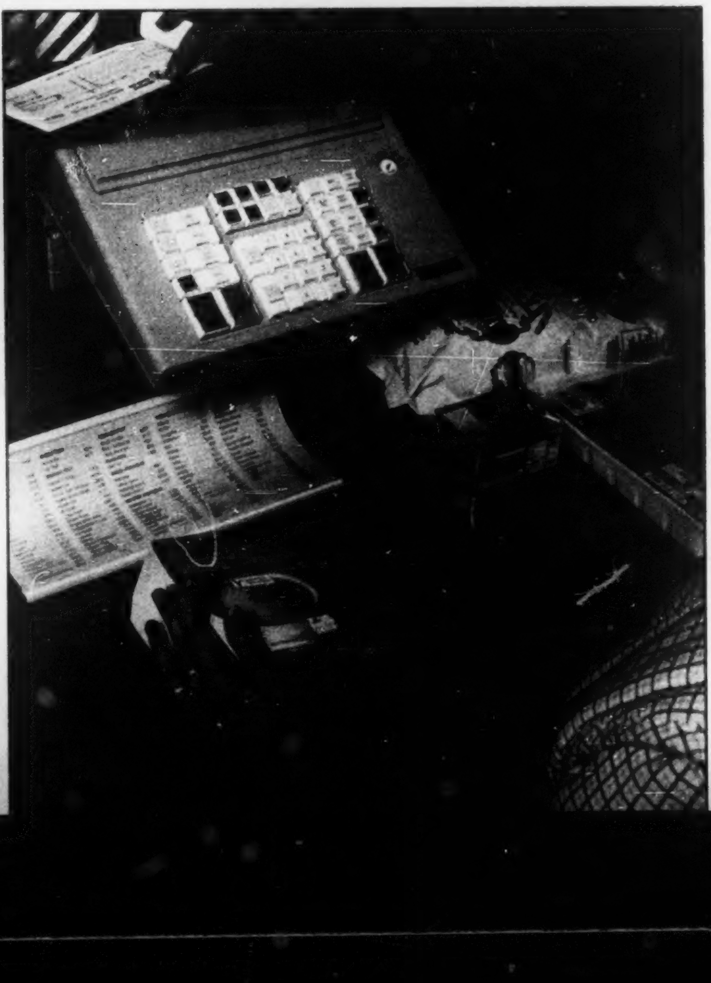
Having started early to experiment with everything from merchandising applications of scan data to semi-automated supervised reordering, Shaw's has been able to provide Sainsbury with additional,

Continued on page 50

'Marketing Week' Survey Assessment Criteria

1. Quality of products/service
2. Financial performance
3. Pricing profitability
4. New products/service development
5. Development of existing products/services
6. Ability to attract, develop and keep talented people
7. Effective use of marketing in strategy development
8. Design of products/services
9. Advertising creativeness and effectiveness

Some 80 percent of all sales go through scanners—a total of 167 stores.



1988

FRESH FISH AND SEAFOOD DEPARTMENT

OPERATIONS REVIEW

Last year sales of fresh fish/seafood rose by a whopping 17%. Many retailers are setting up new or expanded departments, and the potential is great, but so are the problems.

BY DAVID LITWAK,
DIRECTOR OF RESEARCH

FISHMONGER—fish'mong-'ger n. A trader of fish; one who deals in fish, or occupies himself with fish.

At one time, not so very long ago, most grocers would have taken umbrage at being associated with the term "fishmonger." Today, the term seems to fit a little better.

Fishmongering appears to have taken on a new sophistication when describing an activity that caters to the latest consumer trend—one that is good for business as well.

Once confined chiefly to states bordering the three

Census, Sales & Margins

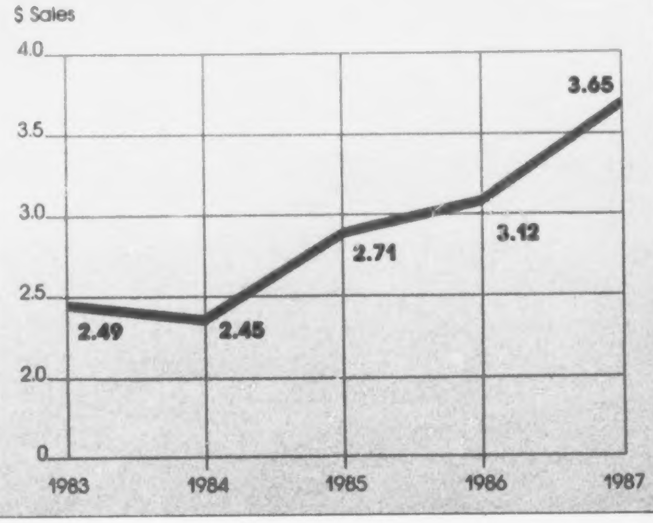
With 41% of the nation's supermarkets now selling fresh fish/seafood, sales of these products have reached an all-time high of more than $3.65 billion in 1987. Increases in product sales, through the 12,344 departments in our stores, can be directly attributed to a trend among consumers toward eating fish/seafood as part of a healthier diet.

Although exact measurements of the profitability of the fresh fish/seafood department haven't yet been made by many retailers, the section does enjoy high margins (27%), and is considered by most retailers to be a good traffic draw.

Fish/Seafood Units

Number of supermarkets selling fresh fish/seafood	**12,344**
Percent of all supermarkets	**41%**
Number of fresh fish/seafood departments opened during last 12 months	**2,340**

Annual Sales (billions)



Average Weekly Sales

Mean **$5,685** Median **$4,500**

Changes in Dollar Sales

(1987 vs. 1986)

Higher	**91%**
No change	**8**
Lower	**0**
TOTAL	**100%**

Average reported increase **19.8%**

Sales and Margins

Share of Total Store Sales

Mean **1.96%** Median **2.0%**

Gross Margin

Mean **26.8%** Median **27.0%**

Do You Consider Your Fish/Seafood Departments:

Traffic & image builders	**43%**
Both image builders & profit centers	**57**
TOTAL	**100%**

The variety of fish/ seafood products that is now being offered in our units has increased dramatically.

coasts, or regions with large lakes, selling fresh fish and seafood in supermarkets has now become a nationwide event.

Today, roughly 41% of the nation's supermarkets sell fresh fish/seafood. Moreover, fresh fish/seafood is the fastest growing department, with over 2,300 units either adding or expanding departments in the last 12 months. And why not? Per capita consumption of fish/seafood reached an all-time high of more than 15 pounds in 1987, with more of it being fresh products than in the past.

With these factors in mind, SUPERMARKET BUSINESS prepared the 1988 Fresh Fish and Seafood Department Operations Review, the first comprehensive review of the sales, size and operations of this growing store department. This benchmark study measures the extent to which the supermarket industry has taken advantage of the opportunities that fish/seafood sales offer to the retailer, and also what problems retailers are having in successfully running these demanding departments.

Fish gets trendy

Remember when our mothers used to call fish "brain food?" That may well have some degree of truth to it, but scientists have shown that fish is probably "heart food." Our health-conscious society has picked up on this finding, and has taken fish very much to heart as a more important part of the basic diet. Eating light, more fish and poultry and less red meat have helped increase fish sales, especially sales of *fresh* fish. In 1987, sales of fresh fish/seafood rose 17% over those of 1986.

Due to the interest in nutrition and health, fish has become a trendy consumer item. This is especially true among upscale consumers. Eating fish and seafood has become the chic thing to do in many circles. The media has spread the trendy image of fresh fish/seafood by featuring young upscale people preparing and eating these products in many movies, TV shows and commercials. It is becoming commonplace for "hip" people to be seen eating fish/seafood instead of the traditional steak.

The variety of fish/seafood products that are now being offered in our units has increased dramatically. No longer is the consumer satisfied with basic flounder and sole fillets. Through continuing consumer education, and a very real evolution of the palate, the

Space & Location

High sales per square foot of space (more than $10/sq. ft.) in the fresh fish/seafood service department have made the investment in space (usually around 565 sq. ft.) very attractive to many operators.

Despite no longer being managed by the meat department, many fresh fish/seafood sections (58%) are still located adjacent to the meat department.

Size of Department

Full service fish/seafood department

Mean **565 sq. ft.** Median **500 sq. ft.**

By Store Format	
Conventional	**88 sq. ft.***
Super store	**629 sq. ft.**

*Includes self-service fish/seafood departments

Sales Per Square Foot

Mean weekly sales per sq. ft.	**$10.06**

Cost Allocations

Are department costs allocated back to department?	
Yes	**54%**
No	**46**
TOTAL	**100%**

Location of Department

Adjacent to meat department	**58%**
Separate from meat department	**42**
TOTAL	**100%**

Labor & Service

The service fish/seafood department enjoys a fairly low portion of sales going to pay for labor, as compared to some of the other service departments in the store. The 18% that the fish/seafood department pays in labor is the result of the average department's ability to operate with only 3.7 full-time equivalent employees. Training of employees is a particular problem for many operators when staffing fresh fish/seafood sections. Retailers are trying to combat this by setting up formal training programs (now used by 78% of companies).

Number of Employees

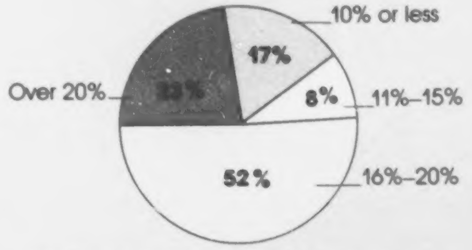
Full-time	**1.4**
Part-time	**2.5**
Full-time Equivalent*	**3.7**

*Two part-time = one full-time employee

How Much for Labor

(labor as a percent of fish/seafood sales*)

Mean **18.4%** Median **17.0%**



*Includes both service & self-service departments

Employee Training

Have formal fish/seafood training program	**78%**
No formal fish/seafood training program	**22**
TOTAL	**100%**

Who Is Responsible for Training?

(includes multiple answers)

Department manager	**89%**
Corporate trainer	**59%**
Seafood supplier	**22%**

82% of companies want more help in training employees from seafood suppliers

How Is Your Fish/Seafood Dept. Managed?

Management	
As separate department	**79%**
As part of meat department	**18**
As part of deli department	**3**
TOTAL	**100%**

One problem that the fish/seafood department has experienced is in the area of training.

department has taken on a whole new look in terms of basic product selection.

Among last year's most often added new fish/seafood products were items like catfish, shark steaks, Alaskan scrod, octopus and buffalo carp.

Sales rise to $3.65 billion

The trend toward greater fish/seafood consumption has driven sales up to the $3.65 billion mark. Almost all units (92%) report an increase in sales of fresh fish/seafood during the last 12 months, with the average reported increase being 19.8%.

In terms of dollars, an average week brings about $5,685 into the department. This figure represents those departments that are full-scale service fish/seafood sections. Stores with only smaller self-service sections are also enjoying an increase in sales, but at a proportionally smaller scale.

Still, despite all the hoopla, fish/seafood is not a mainstay of the supermarket. According to retailers, the fish/seafood section accounts for only about 2% of the sales in those stores that have the departments. But for a department that is in a growth stage, 2% is a very significant share of the store.

As for profit, the potential definitely exists within the fish/seafood department. The reported average gross margin for the department is 26.8%.

Retailers, though, are mixed in their opinion of the current profitability of their departments. Of the companies responding, 43% considered their fish/seafood department to be primarily image and traffic builders, with the remaining 57% considering the department to be both image builders and profit centers.

The fish/seafood section is also a relatively high-rent piece of real estate. The average service fish/seafood department is roughly 565 square feet in size. A department this size generates average weekly sales of slightly more than $10 per square foot. Therefore, sales per square foot in fish/seafood are about 60% greater than those in the deli, and almost three times as much as in produce.

Is fish meat?

The old notion of fish being a subspecies of fresh meat appears to have changed. While the fish/seafood department is still more likely to be located adjacent to the meat department (in 58% of units), the management is now different. Reportedly, 79% of all fish/seafood departments are under their own, separate management at store level. About 18% are still managed by the meat manager, with the remaining 3% falling under the jurisidiction of the deli department.

The logic behind separate seafood management is clear. Since the department has expanded far beyond the three or four meat case slots to include a wide variety of products, many still alive, some that are prepared, there is a need for management that has specific expertise in the product and its maintenance. An expert in meat is not usually an expert in fish.

As with any service department, labor is a crucial factor in the success of a fish/seafood department. The average section employs just under the equivalent of four full-time employees (with two part-time employees counting as one full-timer).

It costs the average fish/seafood department about 18% of its total sales to pay for this labor. As service department labor costs go, this is a good figure. The deli's labor costs run about 23%, while the instore bakery can spend as much as 33% of its sales on labor.

Training poses problem

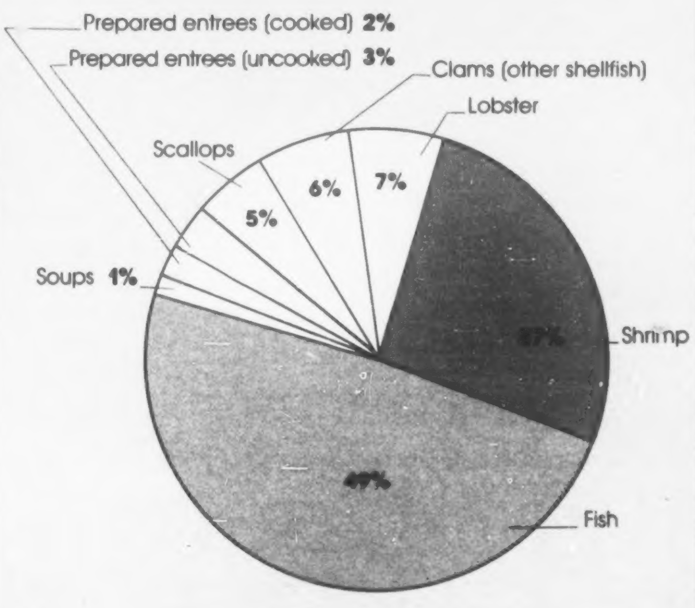
One problem that the fish/seafood department has experienced is in the area of training. Any service department requires trained employees, but fish/seafood is a little different because of the nature of the product. Fish/seafood is highly perishable and must be constantly maintained to avoid color changes, hardening and acquiring odor.

Quality maintenance has always been a problem for retailers getting into fresh fish/

Product Mix

With fish and seafood, as with most food products these days, fresh is more desirable than frozen. More than three-quarters of the fish/seafood sales come from items sold fresh as opposed to frozen. Lobsters, because of their particular characteristics, are sold live by almost all of the stores (98%) that carry them. Many companies (48%) now offer customers the option of instore cooking of lobsters that they purchased live. When it comes to fresh, lobster cooked instore is as fresh as you can get.

Portioning Out the Fish/Seafood Sales Dollar



How Do You Sell Lobsters?

(Includes multiple answers)

Percent of companies	
Live	98%
Sell live & then cook in store	48%
Frozen	37%
Prepared before purchase	22%
Refrigerated	15%

Fresh vs. Frozen

Percent of fish/seafood sold	
Fresh	77%
Frozen	23%
TOTAL	100%

Fish/Seafood Items Most Often Added Last Year

Catfish
Live Lobsters
Shark Steaks
Sea Legs

When it comes to the department's product mix, fish is still the king.

seafood for the first time. The problem is magnified as the distance from the source of the seafood increases.

Some varieties of seafood are also highly susceptible to contamination. Between 1978 and 1984 more than 5,000 cases of seafood-borne illness were reported to the Center for Disease Control. And, of these cases there were five known deaths.

The growing popularity of fish/seafood since 1984 magnifies the risks of seafood-borne illness, especially since there is generally less rigorous government inspection of fish/seafood than of fresh meat. These potential problems must be addressed through proper employee training.

Most retailers (78%) have taken steps to develop a formal training program for their fish/seafood employees. The other 22% do not, as yet, have any formal training.

Whoever actually does the training, the vast majority of retailers (82%) felt that they needed more in the way of training support and help from their suppliers. This is especially true of those retailers who are new to the marketing of these products.

If there is one characteristic that sets many of our fish/seafood departments apart from other service sections, it is that fish/seafood is the only section in the store that carries products that are still capable of moving around on their own power.

Live animals, whether they be lobsters, crabs, or fish, have a very different set of maintenance criteria than their deceased cousins. Again, training is critical to the success of a live fish or lobster program, especially since "live" is usually a very good way of drawing store customers to the fish department, where impulse buying can take over. Many a shopping cart has been "parked" in front of a lobster tank, with the crustacean acting as a temporary babysitter for the toddler riding inside the cart.

Fish tales

When it comes to product mix in the fish/seafood department, fish is still the king. Virtually half of all the money taken into the department comes from the sale of plain fish, whether it be whole, filleted, or in steaks. A distant second is the sale of shrimp, which accounts for 27% of department sales. All the other products, including lobster, account for less than 25% of sales.

Convenience has even found a place in the fish/seafood department. As with most other store sections, customers want quick, convenient foods from the fish/seafood department.

Once the independent specialty fish store's chief weapon in combatting competition from supermarkets, prepared fish/seafood dishes have been adopted as a weapon in the supermarket's arsenal.

Prepared meals a boon

With the customers' craving for healthy fish meals being coupled with their demand for quick meals, convenient shopping and the inexperience of many segments of the population in preparing fish/seafood, it was inevitable that smart operators would start to provide prepared fish/seafood meals. Even though prepared dishes (both uncooked and fully prepared) still account for only 5% of department sales, their popularity is increasing rapidly.

Many of the prepared dishes are available in single self-service packages. As a matter of fact, about 10% of all service fish/seafood department sales come through self-service.

If the department has a problem, other than a shortage of quality suppliers and general industry expertise, it is in attracting customers.

Currently, only about four out of every 100 store customers make a purchase from the fish/seafood section. This is, hopefully, a problem that will start to subside as more consumers jump on the fish bandwagon, and begin to feel more comfortable with preparing and eating fish and seafood. It's an educational process that has to take place with consumers in many parts of the country, much as was necessary in service delis 10 years ago.

One of the bright and sustaining spots in the fish/seafood department is the average transaction figure. The average department patron spends $4.82 on each transaction. This figure is high enough to account for $3.65 billion, by just 4% of store traffic. With per capita consumption of fresh fish and seafood growing each year, the future for supermarkets looks extremely upbeat. ■

Merchandising, Customers & Supply

Self-service items, mostly prepared dishes, account for about 10% of the sales generated by service fish/seafood sections. These items help the supermarket fish/seafood departments compete successfully with independent dealers.

The overwhelming majority of fish/seafood comes into the store from a specialized fish/seafood supplier. Only about 2% of the product supply comes through grocery wholesalers, or other sources. Other than those items that are sold whole, most of the fish/seafood products (83%) come into the store precut·

How Customers Spend

Percent who shop fish/seafood dept.

Mean **4.4%** Median **6.0%**

How Much They Spend

(per transaction)

Mean **$4.82** Median **$5.00**

Under $3.00	**8%**
$3.01-$4.00	**30**
$4.01-$5.00	**22**
$5.01-$6.00	**27**
Over $6.00	**13**
TOTAL	**100%**

Service vs Self-Service

(In service fish/seafood depts)

Percent of sales through

Service	**90%**
Self-service	**10**
TOTAL	**100%**

Supply

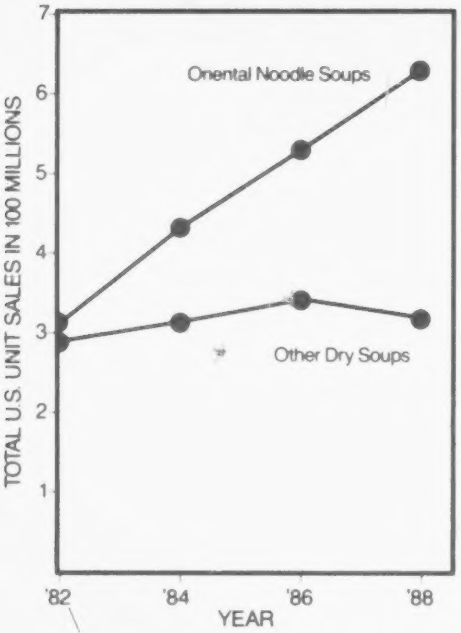
Percent of fresh fish/seafood bought from:

Specialty fish/seafood wholesaler	**98%**
Other (including grocery wholesaler)	**2**
TOTAL	**100%**

How fish/seafood comes into the store:

Precut & portioned	**83%**
Whole	**17**
TOTAL	**100%**

The Orient Express.



Nissin Foods is rolling full steam ahead.

The oriental noodle soup category, led by Nissin, has experienced an astonishing 109% increase over the past six years. Meanwhile, all other dry soups remained virtually stuck in their tracks, as oriental noodle soups outsold them 2 to 1.

That means having Nissin products on your shelves provides you with a faster turnover and higher profits. And the introduction of new Hearty Cup 'O Noodles will assure you of continued sales success.

So climb on board the Orient Express. Because as you can see, Nissin soups make others look like a wet noodle.

nissin

Oodles of Noodles
Cup O'Noodles
Top Ramen

MINDING THE STORE

Continued from page 36

ready-made experience on the leading edge of retailing technology ... all of which have marketing implications to one degree or another.

A multi-faceted marketer

What provides the marketing momentum? As always and everywhere, nothing more than people with a sense of mission.

What the major U.K retailers are achieving mirrors what Great Britain itself has achieved since the early 1980s, when its moribund economy was producing a crisis of confidence as well as of cash flow ... and the once-proud subjects of the British Crown were beginning to perceive themselves as every foreigner's poor relation.

Today, with unemployment down and the economy up, the pride is palpable ... and nowhere more so than at J. Sainsbury.

Indeed, *Marketing Week's* top title is not the only honor the company has won recently—perhaps not even the most significant. For in a *London Times* poll published in March, J. Sainsbury came in first among all U.K. companies in "ability to attract and retain high-calibre employees."

Now, that's something ... and it, too, is called *marketing*. ■

David Sainsbury

R.A. Clark

THE BRITISH ARE COMING

Continued from page 31

recently made. So pleased is Tesco with the result that it plans additional joint ventures with M&S at Camberly, Surrey and Handforth, South Manchester.

Overseas growth plans?

And what of overseas ventures? Does Tesco, like Sainsbury and partner Marks & Spencer, have an interest in the U.S. market?

Says MacLaurin: "We've got more than enough to do here right now. But as a U.K. company, we're going to be looking toward world retailing—to be any good in the future, that's what it's going to take over the next 15 years."

The successful companies of the future "are going to develop world trade, and have interests in each others' countries," he adds.

"Obviously, Tesco is very much interested in that—in moving out from a very strong base here to the U.S., the European Economic Community, or to the Pacific Basin."

Of Tesco's possible future entry into the U.S., MacLaurin says: "Ideally, what we'd like to do is work with a good U.S. company. We've looked at the American market, and we admire a number of American operators. We'd like to have an interest in a company, but not necessarily a majority interest. We'd rather work with a company, and develop insight into the market."

That low-key approach, he says, stems from Tesco's experience of buying a company in southern Ireland and attempting to run it from home: "It didn't work, because we didn't understand the market.

"It's very presumptuous to go into a foreign market, and think that everybody is going to start doing things your way."

And if they did, heaven help you. ■

SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO		
	4 WEEKS ENDING 6/17/88	4 WEEKS ENDING 7/15/88	4 WEEKS ENDING 8/12/88
[illegible]			
Baby Powders	− 4.8	− 3.2	+ 5.3
Baby Oils, Creams & Lotions	+ 14.4	+ 4.0	+ 1.9
Infant Clothes	− 12.1	− 12.2	− 12.6
Nursing Supplies	− 0.3	+ 2.4	− 0.2
[illegible]			
Sprays	− 3.5	− 4.8	− 2.5
Roll-Ons	+ 3.0	− 1.7	+ 3.4
Stick Deodorants & Pads	+ 5.7	+ 10.5	+ 7.1
Creams	− 14.0	− 7.8	− 6.1
Deodorants & Talcum Powders	+ 7.1	+ 15.1	+ 3.1
Feminine Hygiene Deodorants	+ 63.8	+ 44.1	+ 37.5
Foot Deodorants & Athlete's Foot Remedies	+ 13.4	+ 8.8	+ 8.6
Feminine Douches	+ 11.1	+ 12.7	+ 8.2
[illegible]			
Antiseptics	+ 6.1	+ 2.3	+ 4.6
First Aid Products	− 1.5	− 3.3	− 1.4
[illegible]			
Shampoos	− 5.5	− 2.5	+ 2.4
Hair Sprays	+ 18.2	+ 14.7	+ 13.7
Hair Conditioning Rinses	+ 5.5	+ 8.4	+ 11.8
Hair Setting Needs	+ 0.1	+ 0.3	+ 4.0
Home Permanent Kits	− 7.2	− 14.6	− 6.0
Hair Coloring	+ 3.9	+ 2.0	− 0.1
Hair Dressing Needs	− 8.9	− 6.1	− 7.5
[illegible]			
Toothpastes & Powders	+ 4.5	− 3.9	− 5.9
Mouthwashes	+ 16.5	+ 11.1	+ 7.0
Breath Fresheners	+ 2.1	− 1.0	+ 2.0
Denture Cleaners	− 0.2	− 1.4	+ 0.3
Denture Adhesives	+ 3.1	+ 4.7	+ 0.8
Toothbrushes	+ 9.5	− 1.2	+ 4.9
Dental Aids	+ 22.6	+ 2.8	+ 0.2
[illegible]			
Antacids	− 0.2	+ 2.1	+ 1.8
Internal Analgesics	+ 2.9	+ 1.2	− 0.4
External Analgesics	− 7.1	− 2.2	− 2.3
Cold Remedies	+ 16.1	+ 15.1	+ 8.8
Nasal Sprays—Drops—Inhalers	+ 7.9	+ 5.7	+ 0.5
Chest Rubs	+ 10.8	+ 5.9	− 5.0
Cough Remedies	+ 10.5	+ 5.4	− 0.3
Laxatives	+ 6.8	+ 8.7	+ 6.5
Sleeping Aids	+ 2.8	− 2.6	+ 1.7
Tranquilizers	− 7.7	− 9.7	− 7.9
Synthetic Vitamins	+ 3.9	+ 8.1	+ 0.3
Eye Care Products	+ 9.3	+ 5.5	+ 7.6
Appetite Suppressants	+ 22.5	+ 15.1	+ 15.3
[illegible]			
Shaving Creams	− 6.6	+ 3.5	− 2.2
Pre-Shave Lotions	− 1.8	+ 1.5	− 4.6
After-Shave Lotions	− 1.1	+ 4.8	− 2.1
Razor Blades	− 0.8	− 3.0	+ 0.5
Razors & Blades	+ 10.7	+ 11.0	+ 8.5
SKIN CARE AIDS			
Hand & Body Creams & Lotions	+ 15.1	+ 12.2	+ 17.2
Facial Preparations	+ 12.6	+ 14.2	+ 10.0
Lip Care Products	− 0.5	+ 2.7	− 5.0
Suntan Lotions & Oils	+ 21.4	+ 24.9	+ 22.8
Cosmetic & Medicated Skin Aids	+ 2.3	− 0.4	+ 2.2
TOTAL ALL CATEGORIES			

HBA Growth Rate Slows During August

Weakness in high-volume dentifrice, internal analgesics and cough remedies categories reduces growth rate vs. year ago.

BY ALAN MILLER JR.

During much of this year food store sales of health and beauty aids products have been outpacing the food departments in growth over the levels achieved in corresponding 1987 reporting periods. However, in the past two periods tonnage trends of shelf stable and frozen foods have been showing strong increases, while the gain for health and beauty aids was about the same as refrigerated foods (+ 2.2%) but higher than dry grocery: nonfood (+ 1.4%).

Part of the HBA slowdown can be attributed to a dearth of important new products in high-volume categories. However, during the four weeks ending August 12, 1988, there were a handful of new product introductions that may contribute to higher growth rates during the late summer and autumn reporting periods. These include Mennen Speed Spray and Lady Speed Spray Antiperspirants, Faberge's Just Wonderful Shampoo and Hair Conditioning Rinse, Gillette's Dippity Do Hair Spray and Beecham's Calgon Hand & Body Cream & Lotion. These products first appeared during the August reporting period, but had not yet gained national distribution.

There was a four-week gain of just over 6 million units in the 52 health and beauty aid categories tracked by SAMI in both food stores and drugstores in 54 major markets combined. This gain translates to an increase of 2.3%, slightly less than the 2.5% gain during the preceding period. During this same period, ending on August 12, poundage of shelf-stable foods rose 4.4% and the increase among frozen foods amounted to 4.1%. Unit volume in all five product departments combined was 3.4% higher than the similar year-ago level. On a retail dollar reporting basis, the 6.1% increase for health and beauty aids was exceeded by dry grocery: food items (+ 7.7%) and frozen foods (+ 7.4%).

Did drought contribute?

Some of the gains in the food sector may have been the result of price increases passed along to the consumer attributable to the severe drought conditions in much of the farm belt. (SAMI will soon issue a comprehensive report on the effects of the drought on food prices.)

There were six HBA product groups exhibiting unit volume gains over last year and two with loss rates. This performance compares with gains for five groups and losses for three in the period ending in mid-July. The ratio of gains to losses among product categories was the same in both reporting periods— 34 to 18.

The best record for the product groups was the 8.8% increase for skin care aids and the 6.0% improvement among hair care needs. The product group losses were found in the oral hygiene (-1.7%) and shaving needs (-0.4.%) product groups. The highest product category gain rates were established for feminine hygiene deodorants (+ 37.5%), suntan lotion-suntan oil (+ 22.8%), hand & body creams/lotions (+ 17.2%), appetite suppressants (15.3%) and hair spray (+ 13.7%). The most important category loss was the 5.9% drop in the toothpaste and powder category, which had been inflated in the year earlier period by a proliferation of new anti-tartar/plaque items.

Comeback for baby powder

The most important change in trending among baby needs items was the recovery in the baby powder category from a long-term slump. Four-week volume increased 5.3%, which compares favorably with the 6.7% loss rate on an annual basis. Baby oils, creams & lotions, however, did not perform as well as these items have during recent months. The four-week gain of 1.9% is in contrast to an increase of 6.7% for the 12 weeks and 11.0% for the full year. Sales of nursing supplies were down, just barely, during the four-week span while movement of infant clothes fell by 12.6%, or about the same as the 12.3% drop during the 12 weeks.

In the personal deodorant product group, which enjoyed a 4.3% gain in four-week unit volume, there were two categories with losses—spray deodorants (-2.5%) and cream deodorants (-6.1%). These categories also displayed downward trends for both the 12-week and 52 week periods. The only category to show a higher gain rate for the most recent four-week period vs. the 12-week span is the 3.4% four-week gain for roll-on deodorants, which is higher than the 1.6% increase on a 12-week basis. The 37.5% gain for feminine hygiene deodorants can be importantly attributed to a new Massengill entry. Continuing strong four-week improvement was found in stick deodorants (+ 7.1%), foot deodorants and athlete's foot remedies (+ 8.6%) and feminine douches/washes (+ 8.2%).

There was an improvement in the four-week trends of both first aid categories in relation to the 12-week performance. The four-week gain for first aid antiseptics amounted to 4.6%, or slightly more than the 4.3% increase during the 12 weeks. The four-week loss of 1.4% for first aid products (gauze, bandages, cotton swabs, etc.) was modestly better than the 2.1% 12-week dip.

Gains for hair sprays

In the hair care needs product group, where a strong 6.0% four-week gain was recorded, the best performance came from the four categories with the highest unit sales. Losses were found in categories with lower volume in terms of unit sales. There were double-digit rates of increase for both hair spray (+ 13.7.%) and hair conditioning rinses (+ 11.8%). Shampoo sales rose 2.4% during the four weeks in contrast to a loss of 2.5% in the preceding period. Sales of hair setting needs rose 4.0% in the August period, a substantially higher growth rate than the + 0.3% established in the July period. Sales of hair coloring items were only slightly below (-0.1%) the year-ago figure, while sales of home permanent kits and hair dressing needs continued to exhibit downward trends. Both of these latter categories show losses on an annual basis, amounting to 10.8% in the case of home permanent kits and 6.4% for hair dressing needs.

Of the seven oral hygiene categories tracked by SAMI, the only four-week loss rate was the aforementioned decline of 5.9% in the toothpaste and powder category. However, there were three categories that were just barely in the plus column: denture cleaners (+ 0.3%), denture adhesives (+ 0.8%) and dental aids (+ 0.2%). The best performance was turned in among mouthwashes, where a four-week gain of 7.0% was registered. New products have played an important role in this gain, particularly coming from Colgate Tartar Control, Crest Rinse (in test) and N'Ice. Toothbrush volume rose 4.9% during the four weeks, helping to erase a deficit on a full 52-week basis, which now stands at -0.1%

Nine of the 14 categories of proprietary remedies had volume gains, leading to a 2.0% four-week increase for the entire product group. However, this was just about half the growth rate achieved by these over-the-counter products during the preceding four-week period.

Contributing to the slowdown were negative trends in the high-volume categories of internal analgesics (0.4%) and cough remedies (-0.3%), both of which were in the plus column in the mid-July period. As noted earlier, appetite suppressants are riding high (15.3%) and these products also show an impressive gain for the full year (15.6%). Cold remedies had a reduced gain rate in mid-August, but the 8.8% increase is impressive considering that new products have not been instrumental in expanding the category volume. Chest rub movement fell 5.0%, but this is not a serious loss during a mid-summer period. Eye care products (+ 7.6%) are still on the upsurge and both natural (+ 7.8%) and synthetic vitamins had increased sales. Sales of sleeping aids returned to the gain side of the ledger, erasing a loss in the preceding period. Laxative and stool softener volume remains significantly ahead of the 1987 pace.

Reversal for shaving needs

Three of the shaving needs categories that had displayed growth in the preceding reporting period experienced declines in the four-week period under scrutiny. Shaving cream sales were 2.2% below the 1987 level while both pre-shave lotions (-4.6%) and after-shave lotions (-2.1%) were in arrears. There was a modest (+ 0.5%) increase in the high-volume razor blades category and a more substantial rate of increase (+ 8.5%) in the razors and blades category. For the full year, there are unit volume losses in three of the five categories of shaving needs: pre-shave lotions (-0.3%), razor blades (-2.2%) and razors and blades (2.2%). Annual volume was slightly higher in the case of shaving creams (+ 1.6%) and after-shave lotions (0.6%).

The product group with consistently higher growth is the skin care aids group of catego-

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PROFIT NEWS

★★★★★★★★★★★★★★★★★★★★★★★★★★★★★★

The highest DPP in feminine hygiene

With over 150 items in the Feminine Hygiene category (including tampons and napkins), it can be hard to make decisions about shelf space allocation and merchandising programs. Now DPP – Direct Product Profit – makes it easier.

According to a recent study,* Summer's Eve Feminine Wash has one of the *highest DPP per square foot* of any item in the Hygiene category. And the *highest DPP per week per SKU.* Our new product, Feminine Mist, is fast becoming a winner too.

We're supporting our high DPP with intensive promotions and advertising. So if you want to maximize profits, make the most of Summer's Eve.

*Willard Bishop Consulting, Ltd

SAMI UPDATE

Continued from page 64

ries. Only lip care products (-5.0%) is currrently recording rates of decline, although these products are 7.0% higher for the full year. The four-week gain for hand and body creams and lotions amounting to 17.2% is higher than the trend for the 12-week (+14.8%) or 52-week periods (+12.2%).

Facial preparations show double-digit rates of growth for both for the four- and 12-week intervals, in contrast with an increase of only 3.9% for the full year. The gains for suntan lotions and oils, aided by skin cancer warnings and focusing on the benefits of sunscreens, occur during the peak summer months in which the lion's share of the annual business is attained. Sales of cosmetic and medicated skin aids are currently advancing at a slower rate than is found looking at the full year growth rate of 5.2%.

HBA food vs. drug

National unit sales of health and beauty aids products tracked by SAMI are currently running stronger in food stores than in drug outlets. During the August 12, 1988, four-week reporting period there was a loss of 0.5% for all 52 categories combined in drugstores as compared to a 2.3% gain among all food stores. In the drugstore universe there were only three product groups with gains: baby needs (+1.0%), oral hygiene (+0.5%) and shaving needs (+8.3%).

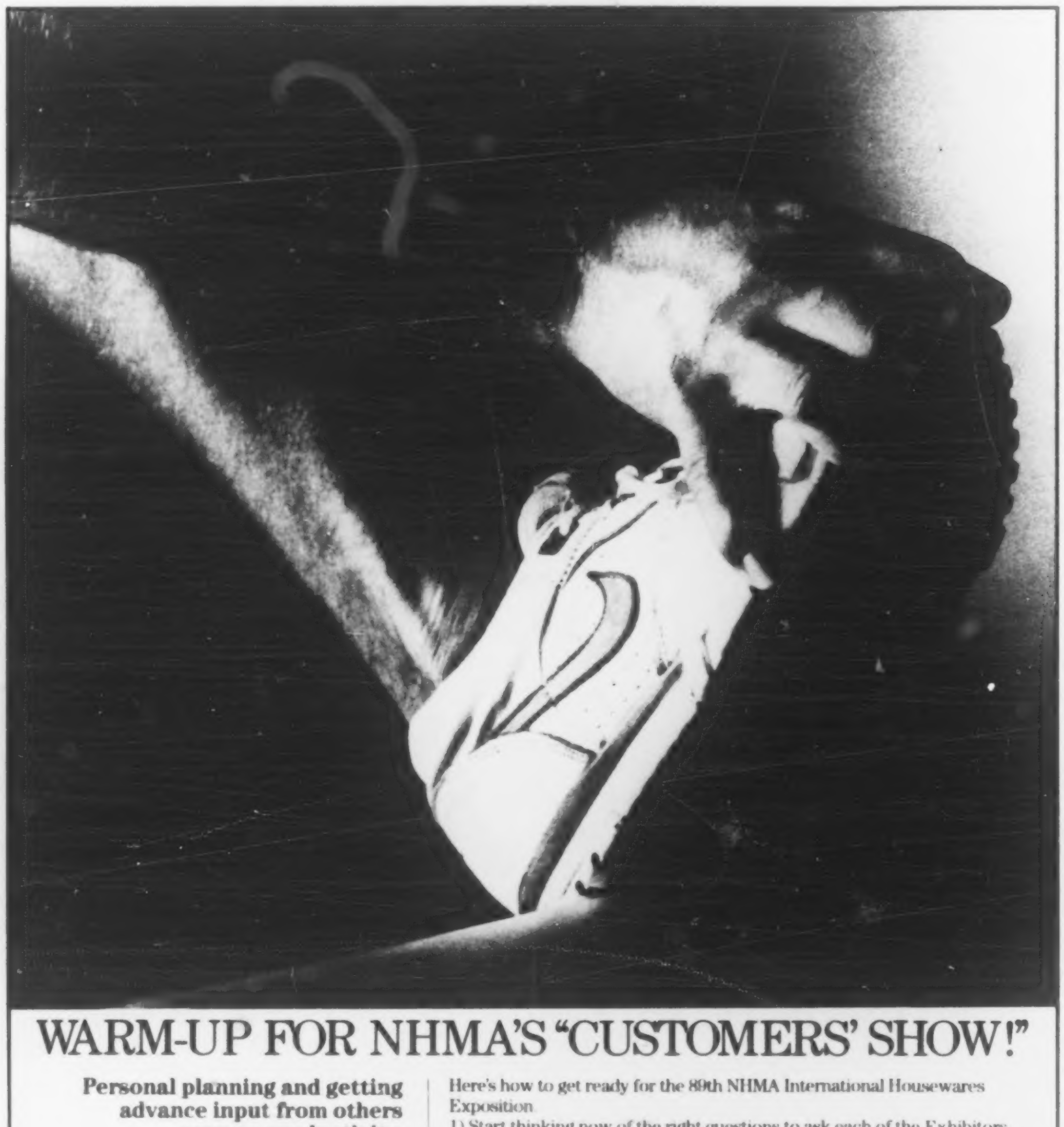
Drugstores had reduced four-week volume in the two product groups with the highest gain rates among food stores. Drugstore movement for skin care aids was 3.7% below the level during the corresponding year-ago period, and there was a drugstore loss of 0.2% for hair care needs compared with a 6.0% gain among food stores.

However, there were a number of categories in which drugstore four-week performance was superior to the food store trend. Nursing supplies enjoyed a 5.5% gain in drugstores, but fell 0.2% in food stores.

Drugstore volume of toothpaste and powder was 0.5% ahead of last year's level, whereas food store sales trailed the 1987 corresponding period level by 5.9%. Internal analgesics were 1.6% ahead in drugstores, but were 0.4% behind in food stores.

In the shaving needs product group, both shaving creams and after-shave lotions attained gains among drugstores as opposed to loss rates for food stores. Razor blade sales rose an impressive 14.7% in drugstores compared with a lackluster half a percentage point increase for food stores.

In the majority of categories the food store performance is better than the trends among drugstores. The differences between outlets can be even more substantial on a market-by-market basis. ■



WARM-UP FOR NHMA'S "CUSTOMERS' SHOW!"

Personal planning and getting advance input from others assures productivity.

NHMA asked renowned trade show consultant Dr. Allen Konopacki, President of Incomm International, to advise both its members and their customers on how to maximize their productivity at Housewares Shows. This is a part of what he had to say to buyers.

Number 1 in a series

Here's how to get ready for the 89th NHMA International Housewares Exposition.

1) Start thinking now of the right questions to ask each of the Exhibitors you visit. Walking in cold and asking, "What's new" or "What's moving," may not always get you all of the information you need.

2) Work out specific "What if" questions in advance like, "If *my* Company is planning a special Fall promotion, what can I expect from *your* Company?" 60% of getting good answers is asking good questions.

3) Involve others in your Company in your warm-up process. Successful companies and executives depend on all of their associates to provide input on competition, service, performance and new opportunities.

One, two, three simple points. But so important. When you warm up first, you'll use your time better and return with more. See you at the Show!

89TH NHMA INTERNATIONAL
HOUSEWARES EXPOSITION
JANUARY 15-18, 1989
McCORMICK PLACE • CHICAGO, ILLINOIS

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NATIONAL HOUSEWARES MANUFACTURERS ASSOCIATION
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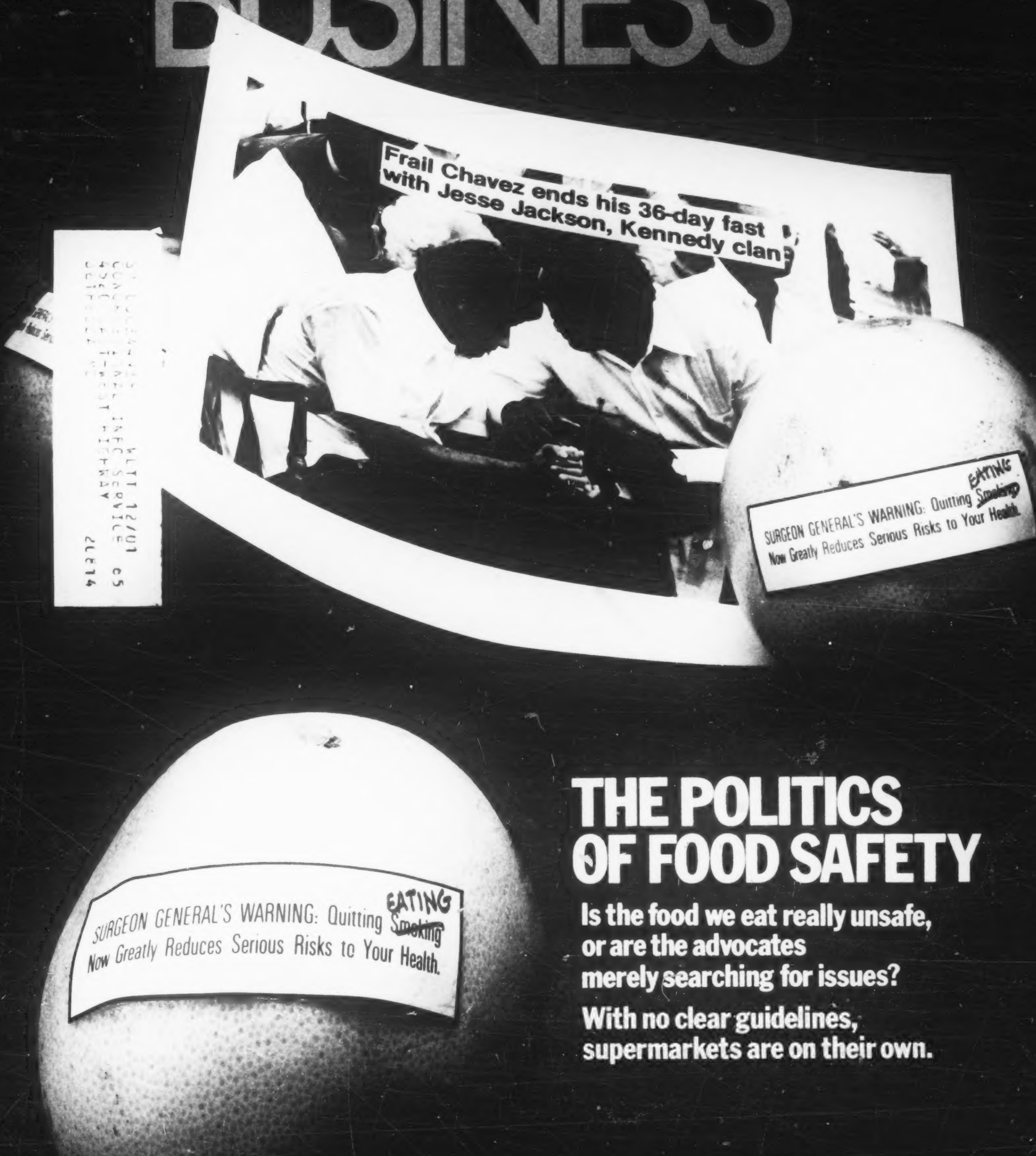
SUPERMARKET BUSINESS


Frail Chavez ends his 36-day fast
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SURGEON GENERAL'S WARNING: Quitting EATING ~~Smoking~~ Now Greatly Reduces Serious Risks to Your Health.
SURGEON GENERAL'S WARNING: Quitting EATING ~~Smoking~~ Now Greatly Reduces Serious Risks to Your Health.

THE POLITICS OF FOOD SAFETY

Is the food we eat really unsafe, or are the advocates merely searching for issues?

With no clear guidelines, supermarkets are on their own.

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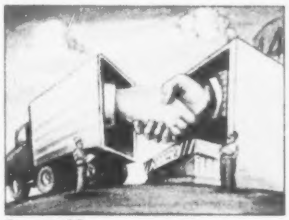

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By Ken Partch,
Editor-in-Chief

Is The Cost Of Food A Dead Issue?

Comparing grocery retailing around the world is an interesting and enlightening endeavor. In many parts of the "free" world, it is the small retailer who still has plenty of political clout. In Japan, a case can be made that progress in weeding out too many unproductive old-fashioned formats is being hindered. Small operators have been known to physically attack larger chain store operators. Of course, in parts of Europe the political clout of small retailers came too late to halt the inevitable, and big chains have enormous share of market.

But in the U.S., the issue is not so much big chains vs. small retailers. Sure, big chains have a lot of advantages in having big capital investment capability. But in many markets, small operators can still do well. Big regional chains are much more profitable that the giant multi-regionals.

The important question is: What of the present and future? In the past, the Robinson-Patman Act served pretty well to protect the small retailer, at least insofar as the big retailers receiving preferred treatment by big manufacturers. Today, that may be part of the problem, but there are other aspects of the retailer/wholesaler/manufacturer relationship that Robinson-Patman does not seem capable of addressing, even if there were a Federal Trade Commission willing to enforce it.

The next question is: If the R-P Act is too vague or contradictory to enforce, why isn't it being rewritten? More important, why isn't there political pressure on the legislators to rewrite it? Even the question: Do we need it, deserves to be asked?

If R-P needs to be rewritten, which I suspect it does, why aren't manufacturers or retailers or wholesalers lobbying to have it done? Is it because business, at all levels, believes that *unenforced* bad legislation is better than any new legislation?

Of course, there are always inequities in any free market system. But in the U.S., an unfair advantage is usually considered an abuse. Especially when that unfair advantage leads to abuse of the general public—the consumer. At present, that abuse is not so apparent. But the potential political exploitation of this issue is clear.

> Have we reached the point that speculation about increased food costs is not very exciting?

In the present political and economic climate the watchdog atmosphere of consumer protection is at a low level, if it exists at all. It is also probably not apparent that many actions in today's supermarket marketplace have or will cost consumers more money. Curiously, no public watchdogs seem much interested in doing the homework that would or could make such a case.

It is doubly curious that more is written these days in the business and trade press than appears in the public press about the inequities that will eventually lead to higher prices for the consumer. Is this because the public or general press doesn't understand the questionable tactics and practices, or because no public bodies have taken the trouble to do the study needed and then make it known?

The front page, right-hand column of the November 1st issue of *The Wall Street Journal* carried a lengthy article about how manufacturers are being charged special fees either to get on the supermarket shelf or to stay on. It was even speculated that eventually these added costs might be passed on to the consumer? Where else? In the 1960s and '70s this would have become an immediate, red-hot consumer issue.

The curious question is: Have we reached the point where the cost of food as a percentage of disposable income is so low that such speculation about increased food costs is not very exciting?

Could it be that price, as a consumer consideration, is not as important as it once was? Perhaps time is more important to consumers, or variety, or convenience? And if that's the case, then perhaps we should be taking a whole new look at supermarket advertising.

And if that is the case, why should manufacturers be dropping so many cents-off coupons, and so many retailers offering "double" coupons?

Personally, I don't think consumers are not interested in price. It may not be the primary interest for many people who don't have much time these days, but I am also aware that many families have multiple wage earners because they need them to survive. The yuppie group and the dink (dual income, no kids) group are both relatively small in terms of demographics.

My guess is that with all the millions of words written about business, and business practices these days, they are not half as interesting to many people as news of celebrities, dogs, cats and circuses. Witness our most recent elections and the levels of political discussions. ■

SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO		
	4 WEEKS ENDING 8/12/88	4 WEEKS ENDING 9/9/88	4 WEEKS ENDING 10/7/88
BABY NEEDS	**+ 0.9%**	**– 0.4%**	**– 2.2%**
Baby Powders	+ 5.3	+ 4.7	– 6.7
Baby Oils, Creams & Lotions	+ 1.9	– 2.7	– 0.2
Infant Clothes	–12.6	–10.9	–15.4
Nursing Supplies	0.2	+ 1.1	+ 0.1
DEODORANTS	**+ 4.3%**	**+ 3.7%**	**+ 0.6%**
Sprays	2.5	+ 6.6	– 0.9
Roll Ons	+ 3.4	+ 4.6	– 3.4
Stick Deodorants & Pads	+ 7.1	+ 1.8	+ 0.1
Creams	– 6.1	– 8.7	– 8.1
Deodorants & Talcum Powders	+ 3.1	– 3.1	+ 2.8
Feminine Hygiene Deodorants	+37.5	+58.9	+87.5
Foot Deodorants & Athlete's Foot Remedies	+ 8.6	+ 7.7	+ 5.5
Feminine Douches	+ 8.2	+ 2.2	+ 6.9
FIRST AID	**+ 0.6%**	**– 1.2%**	**+ 0.9%**
Antiseptics	+ 4.6	+ 3.9	+ 3.2
First Aid Products	– 1.4	– 3.4	– 0.5
HAIR CARE NEEDS	**+ 6.0%**	**+ 2.6%**	**+ 3.8%**
Shampoos	+ 2.4	+ 0.4	– 0.3
Hair Sprays	+13.7	+ 7.2	+13.1
Hair Conditioning Rinses	+11.8	+ 8.3	+ 7.6
Hair Setting Needs	+ 4.0	– 0.8	– 1.4
Home Permanent Kits	– 6.0	–11.0	–20.9
Hair Coloring	0.1	– 2.5	– 4.2
Hair Dressing Needs	– 7.5	– 9.0	– 8.3
ORAL HYGIENE	**– 1.7%**	**– 2.8%**	**– 1.7%**
Toothpastes & Powders	– 5.9	– 6.5	– 6.9
Mouthwashes	+ 7.0	+ 3.2	+ 9.3
Breath Fresheners	+ 2.0	– 0.2	– 0.9
Denture Cleaners	+ 0.3	+ 3.5	– 0.1
Denture Adhesives	+ 0.8	+ 3.1	– 6.4
Toothbrushes	+ 4.9	+ 0.6	+ 8.2
Dental Aids	+ 0.2	+ 3.4	+ 0.5
PROPRIETARY REMEDIES	**+ 2.0%**	**+ 1.3%**	**+ 2.2%**
Antacids	+ 1.8	– 1.8	– 0.0
Internal Analgesics	– 0.4	– 0.3	– 0.3
External Analgesics	– 2.3	+ 2.9	– 1.7
Cold Remedies	+ 8.8	+ 6.5	+ 7.1
Nasal Sprays – Drops Inhalers	+ 0.5	– 7.2	– 6.7
Chest Rubs	– 5.0	– 7.5	– 6.1
Cough Remedies	– 0.3	– 2.1	+ 2.1
Laxatives	+ 6.5	+ 8.0	+ 2.3
Sleeping Aids	+ 1.7	– 0.5	+ 2.4
Tranquilizers	– 7.9	– 2.6	– 6.7
Synthetic Vitamins	+ 0.3	+ 4.4	+13.2
Eye Care Products	+ 7.6	+ 8.6	+ 7.1
Appetite Suppressants	+15.3	+10.4	+ 2.9
SHAVING NEEDS	**– 0.4%**	**+ 3.8%**	**+ 1.2%**
Shaving Creams	– 2.2	+ 3.4	+ 4.8
Pre-Shave Lotions	– 4.6	+ 0.7	– 0.7
After-Shave Lotions	– 2.1	– 5.5	–10.0
Razor Blades	+ 0.5	+ 5.3	+ 0.9
Razors & Blades	+ 8.5	+ 0.3	+ 5.0
SKIN CARE AIDS	**+ 8.8%**	**+ 2.3%**	**+ 0.9%**
Hand & Body Creams & Lotions	+17.2	+ 2.7	+ 3.1
Facial Preparations	+10.0	+ 6.1	– 4.8
Lip Care Products	– 5.0	+ 0.3	+ 2.2
Suntan Lotions & Oils	+22.8	+30.6	+68.8
Cosmetic & Medicated Skin Aids	+ 2.2	– 1.3	– 1.7
TOTAL ALL CATEGORIES	**+ 2.3%**	**+ 1.0%**	**+ 1.2%**

HBA Items Show Only A Very Modest Growth Rate

Food store sales in general were lackluster as the hot, dry summer ended with few new products.

BY ALAN B. MILLER JR

Each year about this time we scan the sales of health and beauty aid (HBA) products during two four-week SAMI reporting periods at once. The ending dates were September 9 and October 7, so we are pretty much painting the sales movement picture during the months of August and September.

The performance of health and beauty aids products tracked by SAMI overall was fairly constant during the two intervals under scrutiny. Unit sales in 52 categories combined rose 1.0% in the September 9 period and 1.2% as of October 7. However, there were a number of changes in category trends compared with a year ago between periods.

In the September period there were 32 categories with four-week gains and 20 with declines. In the October span the increases and decreases among categories evened out at 26.

Although this finding would appear to suggest that HBA products were deep in the doldrums during the month of September, their tonnage performance compared favorably with all other product departments except self-stable foods, which increased 1.3% in poundage or slightly more than the 1.2% unit gain for HBA products. In the most recent reporting period there were losses of 2.1%, 0.5% and 0.8% for nonfood items, frozen foods and refrigerated foods, respectively. Price increases, triggered by the summer drought conditions, helped to account for weakness in several food categories, while a dearth of important new HBA products contributed to the slow growth rate in this sector.

During the September reporting period there were five product groups with plus signs and three with minuses compared with the corresponding year-ago period. In the more recent period the score on a product group measurement basis improved to six and two, with baby needs and oral hygiene the only product groups with negative trends.

In the September period, first aid products were also down slightly from the year-earlier levels.

Between reporting periods, baby needs weakened as three of the four product categories showed losses. The only gain was a minuscule improvement of 0.1% for nursing supplies. Baby powders, which had been enjoying a brief stay in plus territory, fell back 6.7% in the October reporting period. Two of the four categories now show a loss for the 52 weeks: infant clothes (16.7%) and baby powders (-4.7).

Personal deodorants fall

The personal deodorant product group also experienced a decline in the October period; it had a gain of only 0.6% as compared with a rise of 3.7% during the preceding period. Three of the categories fell behind in the most recent period: spray deodorants (-0.9%), roll-ons (-3.4%) and creams (8.1%). Of these three only roll-on types have recorded a gain for the full year (+1.6%).

The national rollout of the Massengill feminine hygiene deodorant helped this product category register a four-week gain amounting to 87.5%. The only other new product this year in the deodorant product group has been Mennen Speed Spray, which is both new and national

The first aid product group was slightly ahead of last year's pace as a result of 3.2% gain for antiseptics in which double-digit increase rates were achieved by Neosporin, Cortizone 5, Benadryl, Solarcaine, Lanacort and Swan. There was a loss rate for first aid products (bandages, gauze, cotton swabs, etc.) in both reporting periods, but the most recent loss rate amounted to only 0.5%.

There was a slight improvement in the gain rate for hair care needs between periods from 2.6% to 3.5%, although there were current losses in five of the seven product categories. The 13.1% improvement in hair spray volume and 7.6% increase for hair conditioning rinses were sufficient to wipe out losses of 0.3% for shampoo, 1.4% for hair setting needs, 20.9% for home permanent kits, 4.2% for hair coloring and 8.3% for hair dressing needs. Three of these categories are now experiencing negative trends for the full 52 weeks — shampoo (-1.5%), home permanent kits (-10.9%) and hair dressing needs (-7.2%).

Few new hair care products

There have been only five important new product launchings in the entire hair care needs product group during the past year. These are Clean & Clear shampoo and hair conditioning rinse, Salon Selectives hair spray and hair setting needs and Bold Hold hair spray. It is unusual to find so little innovative new brand activity in this highly competitive group.

The unit movement trend for oral hygiene products was negative for both periods, although the loss of 1.7% in the October period represented a slight improvement over the 2.8% drop in the September period. The weakness in the toothpaste and powder category can be traced to a decline from the year-ago period in which a number of new line extensions were enjoying consumer acceptance.

In the most recent period the gains were attributed to mouthwash (+9.3%), toothbrushes (+8.2%) and, to a lesser extent, dental aids (dental floss and appliances). The only major new brands in this product group during the past 52 weeks are Aqua-Fresh Tartar Control toothpaste and Prevent Toothbrushes (Johnson & Johnson).

Gains outnumbered losses, eight to six, for October in the proprietary remedies group, where volume as a whole improved 2.2%. There were no severe declines in the high-volume categories. Antacid sales were just a shade below last year and sales of internal analgesics moved downward 0.3.%. Strength among synthetic vitamins and natural vitamins, minerals and supplements succeeded in helping the product group remain in the plus column. The 7.1% increase for cold remedies translates to a four-week gain for more than one million units.

Among cough and cold remedies there were losses in the case of nasal sprays-drops-inhalers (-6.7%) and chest rubs (-6.1%), but in the late summer period such reverses don't cause as much of a sales problem as would be the case in the peak season. There have been only two important million-dollar brands in 1988 in this product group: Imodium antacid and

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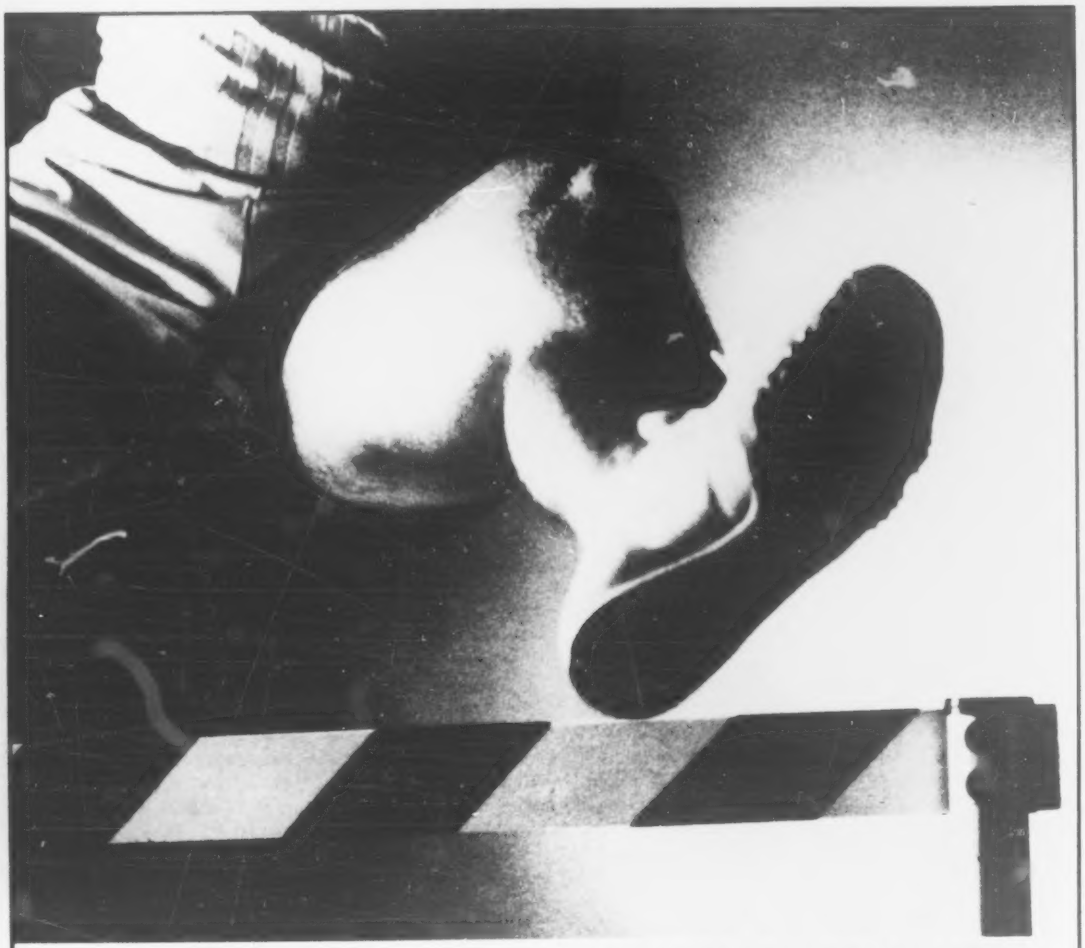

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Number 2 in a series

Three basic hurdles block the track to productive trade show attendance: 1) Wasted time. 2) Incomplete information. 3) Losing track of important information you see and hear. Here's how to overcome them.

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3) Take notes. Without notes, research shows that 50% of what you've heard will be forgotten one minute later. You'll find the answers you receive are more specific the moment someone sees you're writing things down.

One, two, three simple points. But so important. And each one will eliminate hurdles when you return home. See you at the Show!

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Jeffrey A. Schaeffer, Publisher

SAMI UPDATE

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Alleract cold remedy. This, too, is an atypical finding in comparison with other years.

During the October 7 reporting period there were three categories of shaving needs with gains and two declines. The performance of the product group (+1.2%) moved downward from that of the preceding period (+3.8%), primarily because of a reduction in the four-week trend of razor blades from +5.2% to +0.9%. There were gains for shaving creams in both periods, with the most recent increase amounting to +4.8%. There were no new million-dollar brands this year in the entire shaving needs group.

Because of weakness among facial preparations (-4.8%) and cosmetic and medicated skin aids (-1.7%) the October 7 gains for skin care aids amounted to less than 1%. A 3.1% gain for hand & body creams & lotions was sufficient to keep the product group in black ink. There was a four-week gain of 68.8% for suntan lotion-suntan oil, but in the waning summer months the additional volume didn't amount to many new sales dollars. There were just two new and national brands in the skin care aids product group—Vaseline Intensive Care Hand & Nail Lotion and Buf-Puf Cleaners.

I have touched upon the major trends among health and beauty aids at the product category level of measurement. Within these categories there were a number of product classes with high national unit volume gains for the 12-week period ending October 7. In the feminine hygiene deodorant category the new Massengill Towelettes have caused the towelette class to grow more than 1,000% and the volume is nearing $2 million on an annual basis. In the feminine douches/washes category, which grew 5% vs. a year ago, the liquid items soared 132%.

As we have seen, shampoo volume has not been expanding in 1988, but special-purpose shampoos have increased 18.9% and balsam and protein items have grown 11.4%. ■

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MANAGING THE BUSINESS

Will the strain on market forces backlash?

SOLID WASTE

Why deposit laws don't solve the problem

SUPERMARKET BUSINESS

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By Ken Partch, Editor-in-Chief

The Next Five Years—Stand Up

I was reminded last month that just about five years ago I wrote an editorial called "The Next Five Years—Duck." I was reminded by Dean Werries, president & CEO of The Fleming Cos. of Oklahoma City. We agreed that, indeed, a lot did happen in the last five years—not all of it good, and not all of it bad.

One of the reasons I had said "Duck," of course, was that the consolidation of companies and enormous challenge of new formats was just beginning. I didn't think that these were short-term phenomena, but lasting ones. Ones that would change the industry in some basic way. That much, at least, has happened, and is still happening.

If I had to characterize the next five years, I think it would be to say that there is now, and is going to be, an increasing need for industry leaders, industry statesmen and industry spokesmen (if anybody can speak for an industry) to stand up and say: "There are too many things happening in the industry that I don't like, and, at least in my company, they are not going to happen anymore, and I am going to speak out against them whenever I get the opportunity."

It does not mean that I think that if a lot of people from all levels of the business go into a room and discuss the problems that they will find solutions that can then be acted upon. There is little hope of that, most people in the industry agree. But by speaking out in an informed and intelligent way, and announcing policies that are fair and good business, others who often act out of short-sighted ignorance just might mend their ways, now that it has been explained.

It is one of the reasons, I was once told, that the late Sidney Rabb of Stop & Shop of Boston was so keen on helping to found Super Market Institute just after the war. Sidney wasn't too concerned about the smart competitors in the business. He wanted to spread around the operating information that would make all the members better operators, and not have some retailers doing things out of ignorance that could easily hurt a lot of people unnecessarily. That was a good expression of *enlightened self-interest*.

That does not mean that any businessman can afford to be his competitor's moral keeper. It also does not mean that most retailers and wholesalers will not take advantage of an opportunity that might turn out to be a little "unfair."

Why don't all the trade associations form an ad hoc committee to petition the FTC to enforce the Robinson-Patman Act?

In retailing and distributing you seldom have the time or the inclination to test how "fair" an opportunity is to all your competitors. That really can't be your responsibility. This is a business where everybody has to take care of himself, to a large extent. That's why diverting, up-front money and slotting allowances will not go away unless the *perceived* advantage, or the reward, is removed. If the reward is available to everyone who wants it, or the penalty is the same, then the practice will soon die or become unimportant.

The logic of that above paragraph is so apparent I am forced to ask: "So what's the problem?" The problem is that the magnitude of the available up-front money has become so enormous that distributors and retailers have to spend too much of their efforts in managing ROII compared with running their businesses as merchants. And the real danger is that when and if the manufacturers shut off this money (and most odds are on "when"), the operators who have been spending their time on managing their ROII will have forgotten what was really important. Which is running the rest of the business

The flip side of this logical pattern is that those operators who have not been "smart" enough to be spending most of their efforts on managing their inventory investment will be in a better position to take advantage of the new reality. This will probably not happen in a sharp clap of thunder, but will probably evolve over a few years. At least that's what the smart heads tell me.

But as Marty Goldberg, an industry consultant, puts it: "Let's pray that the pendulum doesn't swing all the way back to a new opposite high point. Let's hope it stops somewhere toward the middle.

"In the end," says Marty, "it will probably get done on a company-by-company and one-on-one basis between middle management of both manufacturers and distributors, once top management has set the policy."

So stand up and help set the new policy. In addition, why don't all the trade associations in the industry form an ad hoc committee to petition the Federal Trade Commission to enforce both the spirit and the letter of the law as written in the Robinson-Patman Act?

The Federal Trade Commission (at least in the last Administration) believes that *all* promotional allowances are good because they save consumers money. Do you? ■

TRADE SCAN

C-Store Sales On The Rise, But Profits Are Falling

Total sales in U.S. convenience stores topped $59.6 billion in 1987, but pre-tax profits dropped to $1.3 billion. Food and other non-gas products accounted for two-thirds ($39.6 billion) of sales.

These were among the findings reported in the first edition of the *Convenience Store Industry Fact Book*, issued recently by the National Association of Convenience Stores (Alexandria, Va). The book reveals the results of the association's annual review of its membership, which includes 1,312 companies operating 53,638 stores.

The news coming from the report is both good and bad. On the positive side, total sales were up 10.6 percent—non-gas sales increased 10 percent, and gas sales rose 12.7 percent. The number of units in operation jumped 9.8 percent, and gross margins averaged out to a healthy 24.4 percent of sales—35.9 percent for non-gas products, and 10.6 percent for gas.

The bad news is that despite gains in units and sales, and strong margins, profits were down. Member companies reported a pre-tax profit of 2.2 percent of sales. The 6.7 percent drop in '87 marks the first decrease in industry profits since 1982.

The NACS study also showed that:

- The average yearly non-gas sales per store were $579,000; the average non-gas sale was only $2.03, while sales per square foot (in an average store of 2,400 square feet) were $4.64.
- The average investment needed to open a new convenience store in an urban setting reached $682,800.

Will Quality Take Back Seat To Service?

As quality products become the norm in supermarkets, quality service must be emphasized for stores to stand out.

That's the advice of John Elkins, president/CEO of Naisbitt Group (Washington).

"It's becoming recognized that you have to have a quality product to stay in business," Elkins said. "There are other issues of quality that are equally important, such as the quality of our business relationships. I think we'll be spending more time with those issues and less time with product quality, as high product quality becomes the expected starting point."

The quality of service can indeed make or break your foodservice operation, said Elkins.

Supermarket Openings Outpace Closings; Combination Stores Make Strides

More supermarkets opened than closed in the U.S. in 1987, for the first time in five years. Almost five percent of all supermarkets here opened in '87, compared with three percent of supermarkets closed that year.

These are the findings revealed in a recent report, *1987 Facts About Store Development*, from the Food Marketing Institute (Washington). Most of the new stores are combination stores or super stores, but combos (generally defined as super stores with pharmacies and a large volume of general merchandise) are gaining ground as a percentage of total stores, while traditional super stores are losing ground in terms of percent share.

U.S. STORES IN OPERATION BY FORMAT

Format	Percentage of Total Stores					
	1982	1983	1984	1985	1986	1987
Conventional	64.6%	55.4%	54.0%	53.9%	55.7%	57.7%
Superstores	25.6	29.2	35.9	32.5	28.9	23.2
Combination Stores	6.8	11.3	7.4	9.1	11.1	15.0
Warehouse Stores	2.3	3.1	2.4	3.7	3.5	3.1

Combos more than doubled their share of total stores from 1982 to '87, while super stores gained ground from '82 to '84 but lost it during the next three years (see chart). Almost 21 percent of stores closed in '87 were super stores, vs. 4.2 percent of store closings for combos.

Conventional supermarkets maintained their lead, with more than 57 percent of total stores, but they accounted for 67 percent of closed stores and only 18 percent of new stores.

The typical new store measures nearly 47,000 square feet, with 33,000 square feet of selling space—a considerable difference from a conventional supermarket's 30,000 or fewer square feet.

The proliferation of larger stores is a response to the demand for one-stop shopping, in conjunction with the population shift from cities to suburbs, where retailers can build bigger to accommodate more general merchandise and service departments, according to FMI.

Almost 10 percent of all supermarkets were remodeled in 1987, many to add service bakeries and seafood departments, energy efficiency or labor-saving systems.

Retrofitting cost an average of about $25 per square foot, compared with $75 for construction, the report notes.

Censure Food Stamp Underpayments, Not Just Overages, GAO Urges Bush

President-elect Bush should make good on his pledge to strive for a "kinder and gentler" society by generating legislative and regulatory action to improve the delivery of benefits to food stamp recipients, the General Accounting Office has told the Bush Administration's transition team.

Specifically, GAO officials urged the new administration to place less emphasis on penalizing states for providing too many food stamps, and more emphasis on ensuring that benefits are available to the needy.

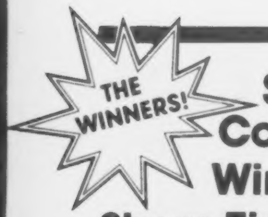
In a letter to the as-yet-unnamed Secretary of Agriculture, GAO Comptroller General Charles Bowser warned Bush planners that the new administration will be forced to address several key agriculture policy, management and program issues. Among other things, GAO contends that Congress needs to fine tune the federal food stamp system, a program which directly impacts U.S. supermarkets.

While acknowledging that recent legislation should correct some of the food stamp delivery problems, the report calls for additional legislative and administrative action "to further improve the effectiveness and accuracy of the food stamp sanction system..."

Under a sanction system, financial penalties are assessed against states that provide excess food stamp benefits to recipients. The penalties are imposed if state overpayments exceed five percent. However, GAO questions the current "allowable error rate" used to determine when sanctions are appropriate.

According to the report, "The sanction amounts are so high, states have emphasized reducing overpayments at the expense of eliminating underpayments, improper denial or termination of benefits." GAO sees areas that may require additional action. These include the use of additional factors in determining error-rate sanctions, and redefined federal and state roles.

TRADE SCAN


THE WINNERS!

SB Contest Winners Share Tips... But Will They Share Prizes?

The winners of our November contest deserve a hearty round of applause for their top scores in an unusually difficult contest. They really had to dig deep to find the right answers!

Arnie Warkall, co-manager of a Kroger supermarket in Wheeling, W. Va., says he and his co-workers get together every month to discuss their answers to the SUPERMARKET BUSINESS contest. They also try to adapt some of the ideas they find in the magazine to their own departments.

Warkall is particularly interested in information about the service deli, and he combs the pages of SUPERMARKET BUSINESS for ideas every month. "We have about 50 salad recipes in our deli, for example, but we're always eager to find new ones to add variety," he says.

Derek Oldenburg, assistant grocery manager at an Albertson's store in Boise, Idaho, also reads the magazine for merchandising tips each month. He finds the stories about technology and dry goods merchandising the most useful.

"There's a lot of good information in the magazine," he says. "If I can't use it, I pass it on to somebody else."

Warkall and Oldenburg will receive portable color TVs. Winners of this month's SUPERMARKET BUSINESS contest will receive personal stereos.

The January contest is on page 77, along with the list of winning entries for November.

Supermarket Financial Performance Steady, Despite Restructuring, New Debt Burdens

KEY FINANCIAL RATIOS BY COMPANY SIZE

Annual Sales	Net Profit 1986-87	Net Profit 1987-88	Return on Net Assets 1986-87	Return on Net Assets 1987-88	Return on Net Worth 1986-87	Return on Net Worth 1987-88
Less than $50 Million	0.76%	0.79%	4.94%	5.15%	16.25%	13.05%
$50 Million to $500 Million	0.90	0.67	3.91	3.46	11.90	9.69
More than $500 Million	1.13	0.79	4.12	2.95	14.81	11.18

Supermarkets' overall financial performance remained steady for the April 1987-March 1988 fiscal year, despite corporate restructuring that increased debt and interest expenses, according to the Food Marketing Institute's *Annual Financial Review*.

Smaller companies—those with annual sales of less than $50 million—fared slightly better than larger stores, because they were less affected by mergers and acquisitions, takeover attempts and buyouts.

The cost of interest increased about 43 percent, from .61 percent of sales in '86-'87 to .87 percent last year, due to increased debt financing, and pre-tax income dropped from 1.73 percent to 1.50 percent as a result.

Income from operations for the industry as a whole decreased about seven percent, from 2.14 percent of pretax sales in 1986-87 to 1.99 percent in '87-'88, and an increase in interest and operating expenses offset gains in non-operating income.

Income tax as a percentage of sales declined from .74 percent to .59 percent, a change that nearly half the respondents attributed to the lower federal corporate income tax rate—34 percent—that was phased in during '87 and became fully effective in '88. The typical effective tax rate for supermarkets dropped from 42 to 39 percent in 1987.

The net profit of smaller companies increased .03 percent, from .76 to .79 percent of sales, even as the profits of larger firms decreased, contributing to a greater return on net assets for the smaller firms (see chart). Return on net worth was down for supermarket companies of all sizes, but smaller companies fared relatively well nonetheless.

Sorry—We Forgot To Make The November Contest Fun

November's contest was a stumper!

In fact, some of the loyal fans of our little quiz found it somewhat overstimulating, including Gunther Romoslawski, store supervisor at Associated Grocers in Lansing, Mich., who wrote:

"This is one of the most frustrating contests you've put out. *I enjoy reading your magazine, but I have no intention of doing a research project to find some of these answers...*

This used to be fun."

Sorry about that, folks. And since we don't want to earn the reputation of killjoys, we are allowing our November contestants to slide by with nine correct answers, instead of the usual 10.

We promise to keep the author of our contest—our quiz master—in line in the future. So be not apprehensive that the quiz master will become smug contemplating the stumped.

For his error, he has been sent to his office without a dictionary and directed not to leave until he has solved an entire Sunday *New York Times* crossword puzzle—Russian-language edition. If he's quiet and doesn't cause any more trouble, we will commute his sentence.

Our contest writer has been grounded until he completes the Sunday *Times* crossword puzzle ...without a dictionary.

Headhunter: Worker Shortages Demand Innovative Solutions

Supermarket companies had better begin right now to prepare for a shortage of workers at all levels of organization, according to a study by a New York-based executive search firm.

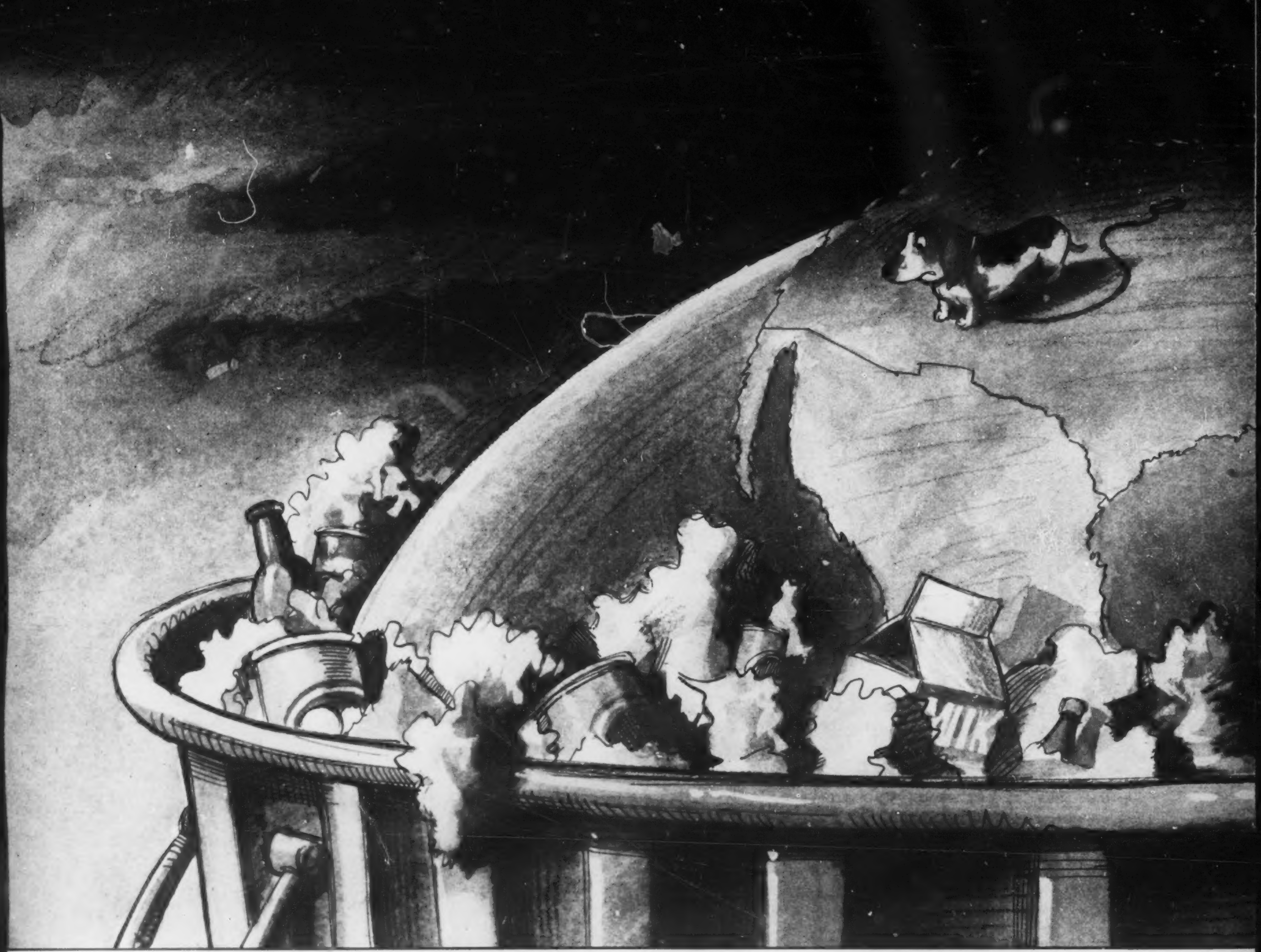
"The retail industry, buffeted by numerous mergers, buyouts and streamlinings throughout the 1980s, will have increasing difficulty recruiting, retaining and compensating employees at all levels, from clerical to the senior executive suite," reports Thorndike Deland Associates.

Supermarkets can start preparing by consolidating operations and cutting management layers. But they also must find ways to make up for the long hours and relatively poor compensation that have given them a bad reputation among job seekers.

"Supermarkets have to...somehow give people a way of seeing career paths in the supermarket industry," says Rawle Deland, a partner in the firm. "In the long run, the industry offers a lot of opportunities, but that has to be pointed out."

Many people who experience the environment of a supermarket when they are young like it so much they spend most, if not all, of their careers in the industry, he notes. On the other hand, go-getters can become frustrated if they aren't rewarded for their initiative, or if they don't know when and how their initiative will pay off.

"And supermarkets have to pay more money," Deland adds. "They have to get people early and keep them." ■



SOLID

DEPOSIT LAWS DON'T SOLVE THE PROBLEM

BY MIKE DUFF

Who remembers the infamous and itinerant garbage barge? An amused world followed the odyssey of that ship and its load of Long Island, N.Y., refuse as it cruised the East Coast of the U.S., the Caribbean and the Gulf of Mexico as far as Louisiana, looking for a place to dump its cargo. But what might seem just a funny misadventure illustrates a severe problem that is growing acute: We are running out of places to put our garbage.

Some people who laughed at the garbage barge might not be amused to

Illustration: Stephen Sweny

WASTE

know that in the last 10 years 14,000 landfills have closed, or about 70 percent of those that operated in 1978. And the U.S. Environmental Protection Agency predicts that, of the 6,500 total remaining landfills, 2,000—or 31 percent—will reach capacity during the next five years.

What are the alternatives? Not the sea, because, in the wake of last summer's beach closings and fish-killing algae blooms, ocean dumping is being halted. And alternative waste management plants, such as incinerators, often face fierce local opposition.

One popular idea, making more packages biodegradable, can't be counted upon as a realistic alternative, either. Even if plastics are reformulated so that they will biodegrade, they still must be dumped in a landfill for the process to take place.

Deposit laws target supermarkets

Solid waste already is a problem for supermarkets. In nine states, legislators have reacted to the most visible aspect of the solid waste problem—litter—with beverage can and bottle laws that put much of the onus of container redemption on supermaket operators.

To avoid such legislation, supermarkets in Washington, New Jersey and Florida have gotten involved in solid waste issues to ensure that each state deals with the problem fairly and realistically.

Many experts believe deposit laws actually stand in the way of developing better solid waste management systems. The key to improving the system, according to EPA, is to boost recycling.

But recycling works best only when waste contains elements that are valu-

Many experts believe deposit laws actually stand in the way of better solid waste management systems.

able to recyclers. If communities remove beverage cans and bottles from the waste flow, they also remove a valuable element, some experts contend. Consequently, those communities also reduce incentive for recycling programs— whether publicly sponsored or private— to develop in a community.

"We need to be able to put a value on the trash if the system is going to be sold to recyclers," contends Gordon Dancy, a vice president of Sonoco Products Co., a major recycler of paper products.

Since Oregon implemented its ground-breaking beverage can and bottle deposit law in 1972, nine other states have enacted similar legislation: California, Connecticut, Delaware, Iowa, Maine, Massachusetts, Michigan, New York and Vermont. Although litter is a community problem, deposit laws, for the most part, put the burden of redemption solely on retailers.

Such laws usually enact a handling fee for retailers, but it is often woefully inadequate, they contend. Supermarkets also are burdened with an unfair proportion of redemptions, operators say. Beverage containers purchased in other stores frequently are redeemed during regular supermarket trips. Because other stores have charged the deposit, redeeming supermarkets receive no revenue at all on the deal, deepening their losses.

D'Agostino Supermarkets (New Rochelle, N.Y.) is just one chain that has struggled with the problem of beverage container redemption. But, in some ways, its problems are worse than most because the company operates many stores in a notoriously difficult environment, New York City.

"Beverage container redemption contributes to congestion in our stores and is a very unpleasant element," says Mary Moore, director of public affairs for the company. "We do a limited sort in the front of our stores. But trucks pick up the empties every day and take them to a central warehouse. It's the only way we know how to do it. Some of our stores have limited basements and back rooms. It's very costly."

Moore says the trucking system cost D'Agostino $477,897 for the fiscal year ended July 30, 1988. The total handling cost for D'Agostino was $705,000. Revenue from the penny-and-a-half handling charge New York state allows retailers was $227,000, so D'Agostino's net loss on the operation totaled $478,000.

"We are handling more than 15 million cans and bottles on top of being a New York supermarket. That's a lot of impact," she asserts.

And cans and bottles add other costs that don't readily show up on a balance sheet. For example, even limited storage of used beverage containers creates a sanitary nightmare, requiring more cleanup and adding to pest problems.

All these costs, of course, cannot be fully absorbed by supermarkets. So, ultimately, consumers are paying for the beverage container redemption system.

Deposit burden getting worse

Although the supermarket industry has fought deposit laws, in some states they are getting worse rather than better. New York is looking at several proposals that would make the redemption system even more costly for supermarkets, operators say.

In Michigan, such legislation has already passed. Michigan, which charged five cent deposits on brown beverage bottles— those usually used for beer— now requires 10 cent deposits on all containers covered by the law. And that coverage has increased. Wine cooler bottles, formerly exempt, are now covered by the deposit law. The problem is compounded by the fact that Michigan doesn't allow retailers a handling fee. Oregon is the only other deposit law state that doesn't allow a handling charge.

"Our biggest complaint with the deposit law is that once again the legislature is expanding it and asking the retailer to provide a community service at no charge," says Linda Gobler, president of the Michigan Grocers Association.

Supermarkets are fighting deposit laws by pointing out that they aren't a solution to the real problem: solid waste. According to studies, metals, glass and plastics *combined*, make up only 23.4 percent of the municipal solid waste stream. And beverage containers are only a tiny proportion of those categories, each of which includes other types of packaging, automobile components and construction materials, among other kinds of refuse.

The largest category of waste, making up 41 percent of the total, is paper and paperboard products—including many kinds of consumer goods packaging. The second largest category is yard wastes, which represent 17.9 percent.

Solid waste solutions proposed

Keep America Beautiful, Inc., a national public education organization chartered to improve waste handling procedures, is working in communities to improve solid waste management systems. Its work is based on a four-point plan that aims to modify current waste management practices and create a system that can handle our current and future disposal needs.

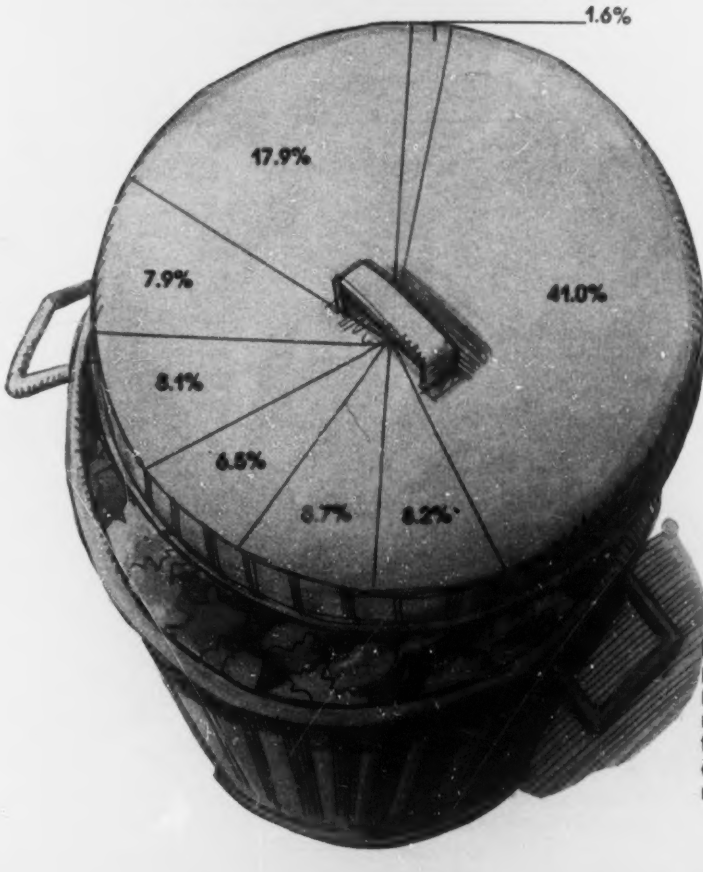
The plan, developed by the EPA, seeks to reduce the amount of disposable packaging; to develop waste energy and alternative sanitation systems, like incinerators; to identify new landfilling locations and techniques; and to boost recycling of key materials such as newspapers and packaging to 25 percent by 1992 from 10 percent today.

However, Linda Avery, manager of external affairs for Keep America Beautiful, points out that recycling is the key because it allows the other parts of the plan to work more effectively. If a recycling system is intact, manufacturers and retailers can concentrate on recyclable alternatives to throwaway packaging. Recycling makes incineration more efficient by removing glass, metal and other noncombustible items, and takes material out of the waste stream, reducing the need for new landfills.

"We concentrate on making people aware of recycling," she says. "We originally concentrated on litter and are just evolving into this issue now. We want to make people understand why they need to participate in the solution to this problem."

In several states, supermarket operators have joined other segments of the food industry to

SOLID WASTE DISTRIBUTION



Municipal solid waste consists of paper and paperboard (41 percent), yard materials (17.9), metals (8.7), glass (8.2), rubber and textiles (8.1), food (7.9), plastics (6.5) and miscellaneous organic materials (1.6).

help develop effective waste management systems that have been far more sweeping than deposit laws. The pioneers in this effort were Washington companies that helped legislators frame a litter law as an alternative to Oregon's deposit law.

The Washington law imposes a tax of $150 per million dollars on revenues of manufacturers, wholesalers and retailers working in the state. Funds are earmarked for the purposes of litter cleanup, according to a state department of ecology spokesperson.

She said the litter law developed at about the same time as Oregon's deposit law after the food industry offered to accept it as an alternative. The spokesperson adds that, when the public in Washington became interested in a bottle bill, "The people now subject to the tax said 'let's do this—the litter law—instead."

"Its a good system as far as we're concerned," says Wayne Ormiston, manager of operations for Keith Uddenberg, Inc., a Gig Harbor, Wash., supermarket operator.

Florida recently passed a far more comprehensive waste management bill that would significantly boost recycling in the state.

The Florida law sets "advanced disposal fees" that would be collected by retailers like a sales tax if recycling goals are not met in the state. The initiative is scheduled to go into effect in 1992, according to Wayne Voitt, staff director of the Florida Senate Natural Resources Committee.

At that time, a one-cent-per-container fee will be imposed on containers eight ounces or larger made of materials that are not being recycled at a rate of 50 percent or better. That tax will grow to two cents in 1995 if the goals still aren't being met.

Currently, Florida recycles about 60 percent of its aluminum containers, 20 percent of glass and less than one percent of plastic, Voitt notes. Revenues from the tax will be used to set up recycling programs and promote their use among state residents.

Voitt adds that the program not only aims to boost recycling by imposing a fee, but also by encouraging businesses and consumers to use packaging materials that can be recycled most effectively. "The goal is to reduce the waste stream by 60 percent in six years," he says.

Although he doesn't believe that goal is realistic, John Pearman, president of Florida's Retail Grocers Association, says the program has merit. "This is not a problem that can be solved with one bill," he says. "But the bill is a step in the right direction because it addresses the litter problem as a solid waste problem. A bottle bill doesn't."

Pearman, a lobbyist, notes that he worked with such supermarket operators as Pueblo International (Lakeland, Fla.) and Winn-Dixie (Jacksonville, Fla.) to help shape the solid waste legislation.

New Jersey takes the lead

In spite of efforts elsewhere, however, New Jersey is recognized as the leader in solid waste management reforms. And the New Jersey Food Council has taken a leadership role in guiding the direction of those reforms.

The council consists of New Jersey-based supermarket chains, including A&P, Grand Union, Pathmark, Shop-Rite and Foodtown, as well as other food retailers, distributors and manufacturers and Philadelphia-based Acme Markets. It is headed by Barbara McConnell, a former state legislator and candidate for governor. McConnell says the New Jersey council, like its counterparts across the country, recognizes that the solid waste problem must be addressed in its entirety.

"Bottle bills don't work as solid waste solutions," she says. "We try to work with the state government on solid waste management."

New Jersey's progress on solid waste is based on a mandatory recycling law, the first of its kind in the country, which is currently being instituted throughout the state. According to McConnell, the law specifies that each municipality and county must establish a recycling center. It then can designate three or more materials, which the community must recycle at a rate of 25 percent of the total waste flow for the category.

To make the recycling system work, the law mandates curbside separation of materials—like glass, metal or newspaper—that local communities designate for recycling. So, for example, households in a New Jersey community may have to leave glass bottles, aluminum cans, newspapers and the rest of their refuse in separate containers for pickup.

But the supermarket industry in New Jersey has not stopped at advocation of solid waste management reform. It is a participant.

"All major supermarkets are recycling corrugated cardboard, fat and bones," says McConnell. Participating supermarkets recycled about 500,000 tons of such material last year, she adds. Recycling these items can boost the amount of aid to communities in which those supermarkets operate. "That tonnage helps communities get grant money for future recycling efforts."

Europe and Japan have more efficient waste management than the U.S.

New Jersey's solid waste system has an important economic advantage over beverage container deposit laws, in addition to being more complete in scope. Retailer processing of deposit bottles and cans eventually is paid for by consumers, as D'Agostino's Moore points out. But communities using solid waste management systems based on recycling can save their residents money.

New systems reduce costs

One example of these savings, which has been widely reported in the news media, can be found in the town of Highbridge, N.J. Citizens of Highbridge, which has already begun curbside separation and recycling, pay an average of $140 a year in trash collection fees. Some surrounding communities using the old system pay in excess of $400.

Supermarket operators who are concerned with solid waste management problems can help find solutions by organizing their communities, according to Avery of Keep America Beautiful. The best way to get involved, she says, is by organizing a citizens advisory committee. Such committees usually consist of concerned citizens who can seek the sanction of local government officials. And those officials often are glad to have help formulating policies on issues as complicated as waste disposal.

McConnell notes that reducing the amount of non-recyclable packaging is also part of New Jersey's plan to cut solid waste. She says supermarkets are aware that, if they don't take action, they may bear the brunt of efforts to reduce solid waste, as they have with beverage deposit laws in the case of litter.

McConnell predicts that, in the future, ease of package disposal will play a large part in supermarket buying decisions "because retailers are on the line publicly. You will see a system that will encourage preferred buying."

After all, no one wants a garbage barge in their future. ■

Ethnic HBA is a viable subcategory—if you've got the population base to buy it.

that as the population of blacks and Hispanics in the U.S. rises, the ethnic HBA market expands. The growth in average annual sales of ethnic HBA has outpaced the growth in overall HBA sales during the past decade. While the total HBA market grew by 8.4 percent between 1977 and 1987, the ethnic HBA segment increased by 17.2 percent, according to Frost & Sullivan.

Just what *is* ethnic HBA?

Before we go any farther, let's take a moment to define our terms. "Ethnic HBA" is an umbrella phrase that encompasses all toiletries and cosmetics—hair styling and maintenance items; shaving lotions and skin creams; facial makeup and nail polish; perfume, cologne and after-shave—targeted to nonwhite users.

The largest segment within the ethnic HBA arena is hair care—curl relaxers and activators, dyes, gels and conditioners—designed mainly for blacks, although many Hispanics buy them as well. Only about nine percent of all ethnic HBA is intended primarily for Hispanics, compared with 91 percent for blacks, according to Frost & Sullivan.

Hair care products accounted for $584 million—about 75 percent—of the $780 million total ethnic HBA manufacturer sales in 1987. Makeup brought manufacturers $104 million, followed by skin care items at $58 million. Fragrances and other toiletries comprised the remaining supplier sales. (See chart on page 58 for 1988 sales figures.)

"Let's face it—lipstick is lipstick, and nail polish is nail polish, although there are differences in shades and bases," says Jim Normandin, senior buyer for Beauty Enterprises (Hartford, Conn.), the largest ethnic HBA distributor in the U.S., who says hair care comprises the bulk of his business. "But black [people's] hair is unique because it's coarser [than white people's hair], and it's often ultra-curly; to style it in certain ways you need to relax or straighten it first.

"When you use these chemical applications," he explains, "your hair is stripped of its nutrients, so you need hair 'food'—moisturizers for dryness and activators to give back some of the bounce, for example."

There are an estimated 150 manufacturers in the U.S. making hair care and other toiletries and cosmetics specifically for blacks, Hispanics and other ethnic groups, according to industry sources, and about 15 to 20 specialty distributors whose sole purpose is to get these items onto retail shelves.

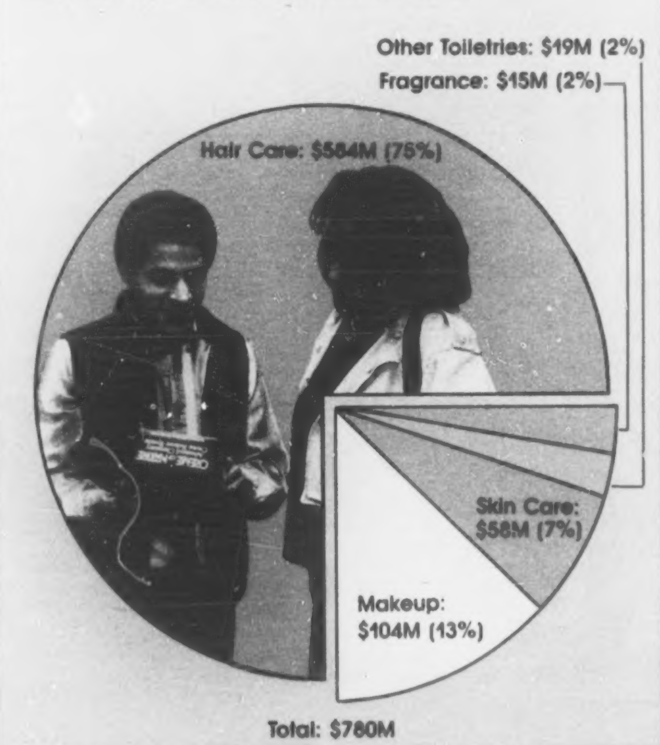
Some ethnic HBA suppliers—Soft Sheen, M&M, Johnson and ProLine, for instance—are owned and operated by members of the ethnic group to which they cater. Others—including Revlon, Gillette and Alberto-Culver—are "mainstream" or "general market" suppliers with divisions or product lines geared to a particular ethnic clientele. In addition, some mainstream suppliers—Combe, with its new "real black" and "jet black" shades of Just for Men shampoo-in hair colorings, for example—are extending basic HBA lines to incorporate items for ethnic users.

Now, it's no secret that supermarkets have been lagging behind drug stores in recent years in terms of getting ethnic HBA past the checkout. Mass merchants, HBA specialty shops and beauty salons also represent significant competition for the black and Hispanic consumer's dollar.

ETHNIC HBA: HOW SALES ARE SLICED

Hair care captured the biggest piece of the ethnic HBA pie in 1988, bringing manufacturers $584 million—about 75 percent—of the total $780 million, according to late '88 projections by Frost & Sullivan. Makeup and skin care crossed the finish line second and third, respectively.

Use the chart below as a guide in selecting the best mix for your stores, keeping in mind that ethnic traffic may vary significantly from store to store.



And that makes sense, given that HBA is a peripheral category in most supermarkets. But there's a general consensus among suppliers and distributors in the industry that supermarkets simply haven't made enough effort to maximize their ethnic HBA potential. Even those who carry the goods don't allot adequate space—in their stores or in their ads—to support strong sales.

"Historically, supermarkets haven't jumped on the [ethnic HBA] bandwagon," observes Jaime Valle, product manager for TCB, Alberto-Culver's 75-item ethnic hair care line. "They haven't promoted and assimilated [ethnic HBA] into their product lineups."

"The supermarket trade has never made a commitment to ethnic products, unlike drug stores and mass merchandisers," concurs Louis Parent, senior vice president of sales and marketing for Carson Products, which makes Dark 'n Lovely hair care items and Magic Shave depilatory. "There's plenty of effort being made [by other types of retailers], but the grocery industry seems to have a closed mind."

No one said it would be easy

Geri Jones, executive director of the American Health and Beauty Aids Institute, a Chicago-based trade association that represents ethnic HBA manufacturers, observes the situation from a slightly different perspective. "I'm not sure if it's a closed mind," she says. "It's just that the market is so diversified, retailers don't have time to learn about it.

"You have to know the category and the consumers, and you can't look at it in a global way," she says. "It has

Continued on page 62

SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 9/9/88	4 WEEKS ENDING 10/7/88	4 WEEKS ENDING 11/4/88
BABY NEEDS	− 0.4%	− 3.2%	[illegible]
Baby Powders	+ 4.7	− 6.7	− 7.6
Baby Oils, Creams & Lotions	− 2.7	− 0.2	− 2.2
Infant Clothes	− 10.9	− 15.4	− 0.4
Nursing Supplies	+ 1.1	+ 0.1	− 0.8
DEODORANTS	+ 1.7%	+ 0.6%	[illegible]
Sprays	+ 6.6	− 0.9	+ 12.7
Roll-Ons	+ 4.6	− 3.4	− 2.0
Stick Deodorants & Pads	+ 1.8	+ 0.1	+ 4.7
Creams	− 8.7	− 8.1	− 11.1
Deodorants & Talcum Powders	− 3.1	+ 2.8	+ 2.5
Feminine Hygiene Deodorants	+ 58.9	+ 87.5	+ 94.3
Foot Deodorants & Athlete's Foot Remedies	+ 7.7	+ 5.5	+ 4.9
Feminine Douches	+ 2.2	+ 6.9	+ 4.7
FIRST AID	[illegible]	− 0.7%	[illegible]
Antiseptics	+ 3.9	+ 3.2	+ 0.7
First Aid Products	− 3.4	− 0.5	− 5.8
HAIR CARE NEEDS	[illegible]	+ 3.8%	[illegible]
Shampoos	+ 0.4	− 0.3	+ 4.1
Hair Sprays	+ 7.2	+ 13.1	+ 5.8
Hair Conditioning Rinses	+ 8.3	+ 7.6	+ 10.0
Hair Setting Needs	− 0.8	− 1.4	+ 3.5
Home Permanent Kits	− 11.0	− 20.9	− 16.4
Hair Coloring	− 2.5	− 4.2	− 1.2
Hair Dressing Needs	− 9.0	− 8.3	− 12.4
ORAL HYGIENE	[illegible]	[illegible]	[illegible]
Toothpastes & Powders	− 6.5	− 6.9	− 5.0
Mouthwashes	+ 3.2	+ 9.3	− 2.4
Breath Fresheners	− 0.2	− 0.9	− 0.1
Denture Cleaners	+ 3.5	− 0.1	− 3.1
Denture Adhesives	+ 3.1	− 6.4	− 0.3
Toothbrushes	+ 0.6	+ 8.2	+ 5.0
Dental Aids	+ 3.4	+ 0.5	− 4.2
PROPRIETARY REMEDIES	[illegible]	[illegible]	[illegible]
Antacids	− 1.8	− 0.0	− 2.4
Internal Analgesics	− 0.3	− 0.3	− 1.5
External Analgesics	+ 2.9	− 1.7	+ 1.0
Cold Remedies	+ 6.5	+ 7.1	+ 8.1
Nasal Sprays—Drops—Inhalers	− 7.2	− 6.7	− 10.8
Chest Rubs	− 7.5	− 6.1	− 5.5
Cough Remedies	− 2.1	+ 2.1	− 3.4
Laxatives	+ 8.0	+ 2.3	+ 3.2
Sleeping Aids	− 0.5	+ 2.4	− 4.1
Tranquilizers	− 2.6	− 6.7	− 9.6
Synthetic Vitamins	+ 4.4	+ 13.2	+ 16.0
Eye Care Products	+ 8.6	+ 7.1	+ 11.2
Appetite Suppressants	+ 10.4	+ 2.9	− 6.5
SHAVING NEEDS	[illegible]	[illegible]	[illegible]
Shaving Creams	+ 3.4	+ 4.8	− 6.0
Pre-Shave Lotions	+ 0.7	− 0.7	+ 5.4
After-Shave Lotions	− 5.5	− 10.0	+ 11.8
Razor Blades	+ 5.2	+ 0.9	+ 1.5
Razors & Blades	+ 0.3	+ 5.0	− 1.1
SKIN CARE AIDS	[illegible]	[illegible]	[illegible]
Hand & Body Creams & Lotions	+ 2.7	+ 3.1	+ 6.3
Facial Preparations	+ 6.1	− 4.8	− 3.9
Lip Care Products	+ 0.3	+ 2.2	+ 0.9
Suntan Lotions & Oils	+ 30.6	+ 68.8	+ 150.7
Cosmetic & Medicated Skin Aids	− 1.3	− 1.7	− 4.3
TOTAL ALL CATEGORIES	[illegible]	[illegible]	[illegible]

HBA Unit Sales Rise Is Minimal In October

Despite the 0.8 percent increase, the dollar gain was $30 million.

BY ALAN MILLER JR.

October turned out to be another ho-hum month for health and beauty aids items in food stores, and there was little sales progress to report in the other product departments as well. This lethargy followed lackadaisical performances in both August and September.

During the four weeks ending November 4, unit volume of all HBA products tracked by SAMI advanced a paltry 0.8% over the corresponding period a year ago. However, on the positive side this insignificant percentage gain amounted to just under $30 million for the 28 days under scrutiny, which encompassed most of the month of October. The dollar increase amounted to 4.6%, or about the same as the gain for the most recent 12-week interval. The 4.6% dollar gain trailed all but frozen foods, which rose 4.3%.

The 0.8% increase for HBA on a tonnage basis was better than the break-even trend in units for dry grocery nonfoods and the poundage increases of 0.6% for frozen foods and 0.7% for refrigerated products.

Deodorants perform best

At the product group level of measurement, the four-week unit volume gains outweighed the losses on a 5-to-3 ratio. The best performance was achieved in the deodorant product group, whose gain amounted to 5.2%, a marked improvement over the 3.0% rate of increase on a 12-week basis.

Coming in second in terms of four-week unit volume gains were hair care needs, with a 4.4% improvement among all seven of these categories combined. The four-week gain for skin care aids was 1.8%, a trifle higher than the 1.7% growth for the last three periods combined. Gains of less than 1% were found among proprietary remedies (+0.7%) and shaving needs (+0.1%).

There was a negative ratio of losses to gains at the product category level of measurement. There were 24 categories on the plus side of the ledger and 18 with minus volume. In six categories the gain rate was in double digits and in one — suntan lotion/suntan oil — the increase was a whopping 150.7%. Four product categories registered rates of decline above 10%: home permanent kits (-16.4%), hair dressing needs (-12.4%), cream deodorants (-11.1%) and nasal sprays-drops-inhalers (-10.8%).

All four of the baby needs categories were in arrears of last year's sales pace, but whereas the category of infant clothes is usually the laggard trendwise in the October period, these items had the lowest rate of decline (-0.4%) of the four categories in this product group.

Powder is baby needs loser

The most pronounced loss was among baby powders, where the 7.6% four-week loss compares with a decline of 3.2% for the full 12 weeks. Sales of baby oils, cream and lotions fell 2.2% as compared with a 7.0% gain in units on a 52-week basis. Nursing supply movement was 0.8% below the level for the corresponding year-earlier period.

Only two of the eight categories of personal deodorants were on the downside: roll-ons (-2.4%) and creams (-11.1%). Spray deodorants managed to achieve a gain of 12.7%, the first strong period of growth for these items since stick deodorants and antiperspirants started their climb to their current position as the leading form of application. The strong showing for sprays helped to reduce the annual deficit to 1.8%, down significantly from the 3.3% annual loss rate in October.

Stick deodorants lost share in the category, but still managed to post a 4.7% four-week gain. Creams represent the deodorant category with unceasing declines in popularity; these products lost 11.1% for the four weeks and are 10.2% behind last

SAMI UPDATE

year's pace on an annual level.

Feminine hygiene deodorants, albeit on a relatively small volume base, managed to go ahead 94.3%, largely as a result of the growth contributed by the new Massengill towelettes. Gains of nearly 5% were recorded by both foot deodorants and athlete's foot remedies and feminine douches/washes.

The 2.5% rise for deodorant and talcum powders is superior to the gain rate of 0.3% for the 12-week span. The 3.9% decline for first aid items was caused by the weakness among first aid products rather than antiseptics, which were able to post a small gain amounting to 0.7%.

In the hair care needs product group the same three categories which had sales losses for the entire 12 weeks also continued their downward performance in the most recent period. The loss rate for home permanent kits, amounting to 16.4%, was similar to the drop for the 12 weeks, and the 12.4% decline for hair dressing needs was even higher than the 9.9% falloff for the 12 weeks. The hair coloring loss amounted to only 1.2%, an improvement over the 2.6% 12-week decline.

Bright spots in hair care

The bright spots in hair care needs were provided by hair conditioning rinses (+ 10.0%), hair spray (+ 5.8%), shampoo (+ 4.1%) and hair setting needs (+ 3.5). In three out of four of these instances (except for hair spray) the four-week showing was an improvement over the performance during the most recent 12 weeks. The gain for shampoo was enough to reduce the annual loss rate for the category to below 1%. It now stands at -0.7%. Hair sprays have slowed down a bit, but four-week unit volume in October was still 700,000 more than last year and the unit gain for hair conditioning rinses was 500,000.

The only category of oral hygiene items exhibiting growth during October was toothbrushes, which were successful in advancing 5.0%, a higher rate of gain than the 4.5% for 12 weeks or the annual hike of 2.8%. Sales of toothpaste and powder fell 1.4 million units or 5.0%. This rather precipitous loss rate can be attributed to an unusually high level in 1987, when there was an atypical amount of new product activity in the category.

Mouthwash sales seem to be taking a breather following uninterrupted gains over many months. Their 2.4% decline for the four weeks compares with an annual increase amounting to 6.8%. The 0.1% decline for breath fresheners is hardly significant in a low-volume category.

The losses of 3.1% for denture cleaners and 0.3% for denture adhesives are consistent with trends in these categories over the past couple of years. The 4.2% decline among dental aids (which include items as diverse as floss and dental appliances) is in contrast to a 5.3% unit gain for the full 52 weeks.

Cold remedies show gain

SAMI tracks volume in 14 categories of proprietary remedies, and during the 28-day period under scrutiny the gains were evenly divided with losses, and the gain for the product group as a whole came in at + 0.7%.

The positive trend for the entire product group can be credited to the strength among cold remedies (+ 8.1%, or an increase of 1.2 million units); eye care products, which grew at the rate of 11.2%, and synthetic vitamins, which were ahead 16.0%. There were less impressive assists from natural vitamins, minerals and supplements (+ 5.2%), laxatives and stool softeners (+ 3.2%), and external analgesics (+ 1.0).

Three of the cough and cold categories registered rates of decline for the four weeks and are also in the negative column for both 12 weeks and the year.

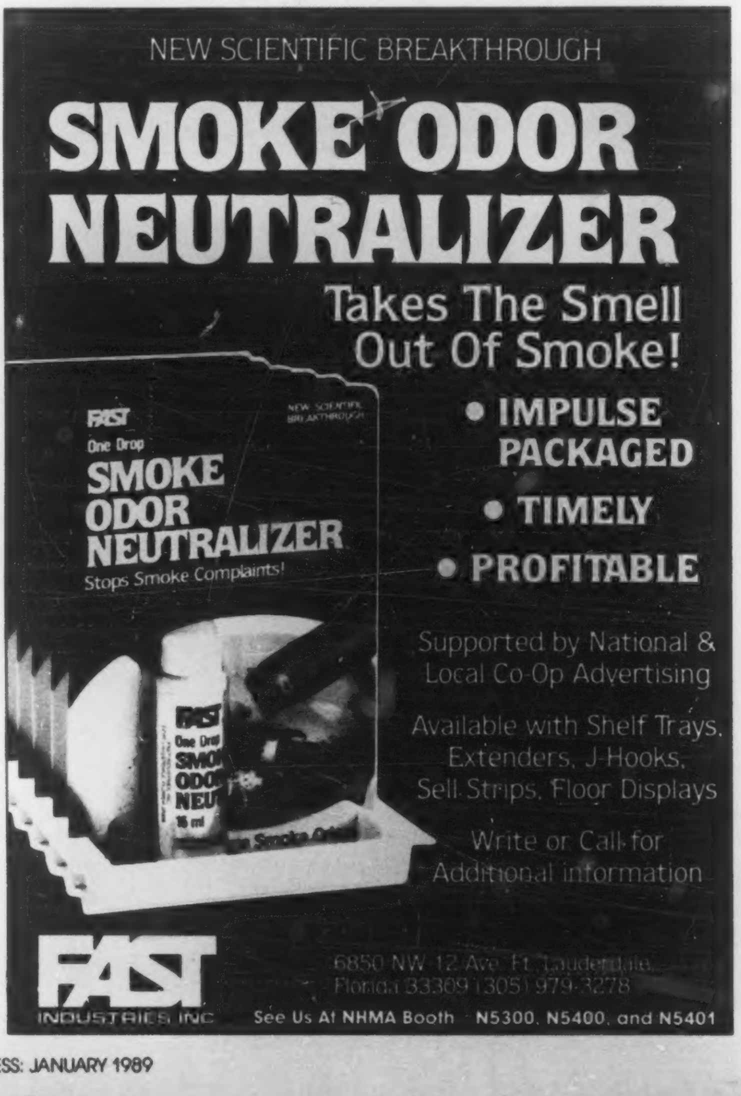
Of the three, the highest rate of decline was the 10.8% loss for nasal sprays-drops-inhalers. It was 5.5% for chest rubs and 3.4% for cough remedies. Other four-week loss situations were found among internal analgesics (-1.5%), sleeping aids (-4.1%), tranquilizers (-9.6%) and appetite suppressants, ending a winning streak with a four-week loss of 6.5%.

Three of the five shaving needs categories eluded the loss patterns they periodically fall prey to. Shaving creams fell 6.0%, but not enough to erase the 0.6% gain for the 12 weeks or the 0.7% increase for the year.

Pre-shave lotion unit volume improved 5.4% and this gain was sufficient to create a gain for the full year. The same is true of after-shave lotions whose 11.8% four-week upsurge was also sufficient to take the category into plus territory on a full-year basis. However, razor blades are still in the losing column for the full year, although they are ahead 1.5% for the four weeks and 2.6% for the 12-week period.

Three out of the five categories of skin care aids showed growth for the 28-day period, ranging from + 150.7% for suntan lotion-suntan oil in a seasonal trough period, to a gain of just 0.9% for lip care products. The 6.3% gain for hand and body lotions translates to almost 400,000 more sales in units than were recorded in October 1987.

The two categories with four-week declines were facial preparations (-3.9%), and cosmetic and medicated skin aids (-4.3%). ■



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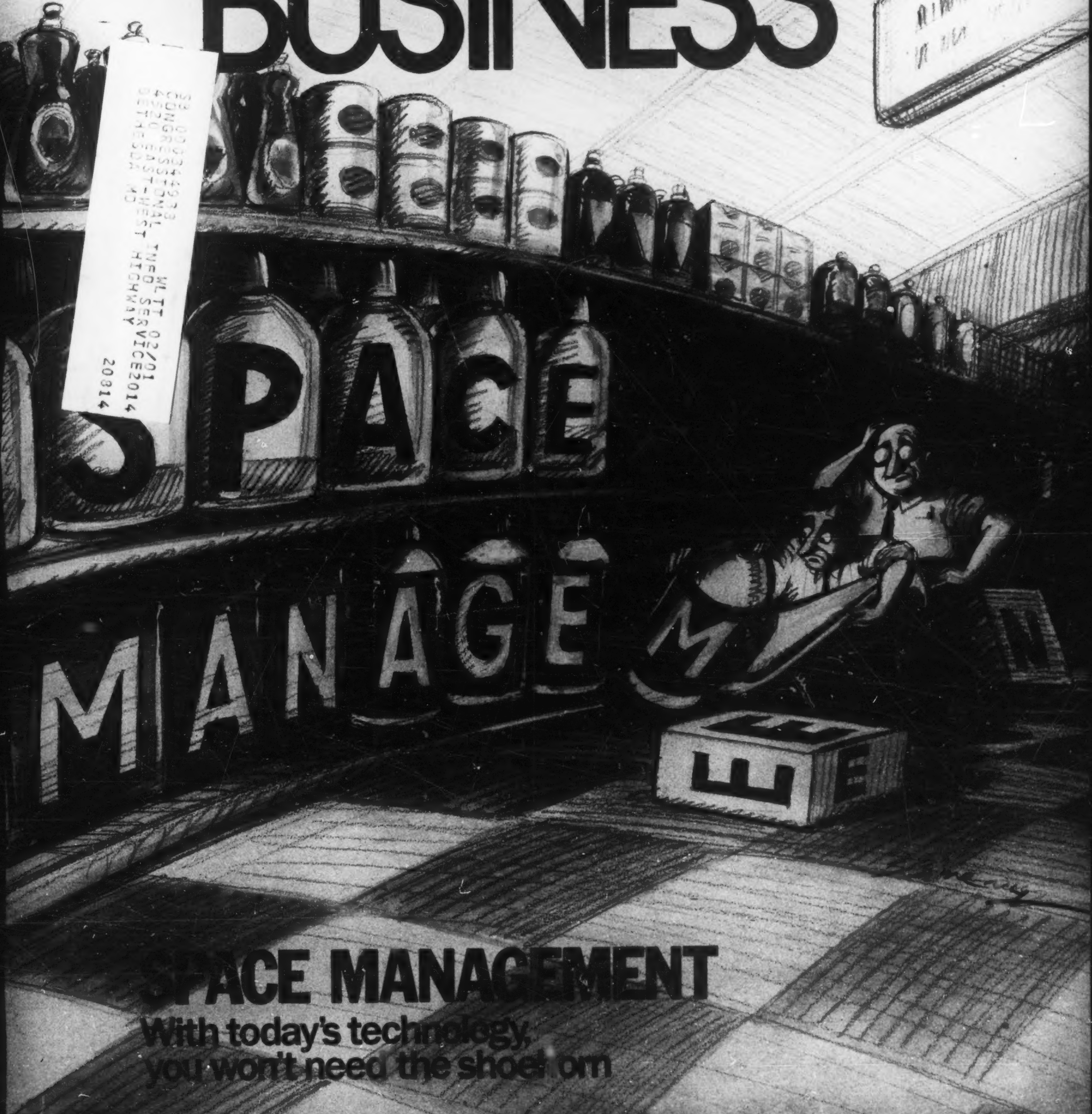

SPACE MANAGEMENT

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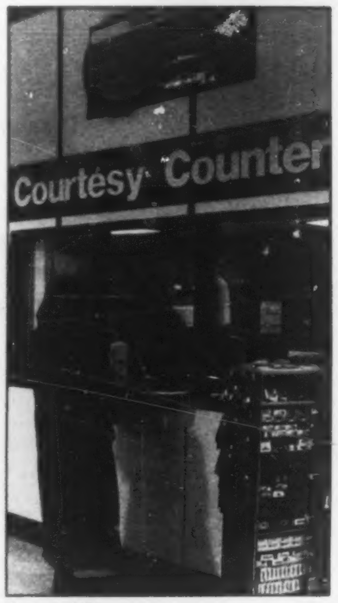
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. . . Or a carnation or pansy. Edible flowers can do wonders for both flavor and appearance of prepared foods and bakery.

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By Ken Partch, Editor-In-Chief

Think Global—But What Does That Mean?

Everywhere we turn we hear about the fragmentation of markets, market niches, the increase of products, and the proliferation of stores and outlets. Now, we are also being told about the need to somehow put all this together with "thinking globally," along with the implications of whatever that may mean.

The year 1992 is also mentioned frequently as the year of "reckoning," when a unified European community market will either open its doors eagerly to American products, or slam it shut with "phony" and deliberately difficult regulations. We don't seem to be sure which.

Some insight into "global think" for manufacturers and marketers was provided last year in an article by Theodore Levitt, editor of the *Harvard Business Review*, in the May/June issue. Mr. Levitt writes:

"The global boom in ethnic food specialties is a microcosm of what's happening in all product categories. Suddenly, in the world's urban places the demand for ethnic foods thrives: pizza, hamburgers, sushi, frankfurters, Greek salad, Chinese egg rolls, pita bread, croissants, tapas, curry, bagels, chili, doughnuts, french fries, and even Sacher torte. Everybody who can get them wants them, regardless of national origin, religion, tradition, or even taboos. Suddenly everybody everywhere simultaneously occupies each of these product-market segments— often several on a given day, even at a given eating occasion."

What we've become all over the world, according to Mr. Levitt, are "heteroconsumers" in all product categories from autos to cameras, and computers to fast food outlets and apparel. "... What people want is not just the variety of these foods," says Levitt, "but their convenient, fast, low-cost, and nutritious availability. In that sense, everybody is in the same single segment, a segment that consists of people with plural preferences satisfiable in a similar convenient fashion.

"We live suddenly in a world of segment simultaneity, the new world of the heteroconsumer. What's new is not the multiplication of segments but rather the pluralization of consumption."

All this is because of the proliferation of communication. Suddenly we are all but overwhelmed with choice. And as the European community lets down its barriers to international communication, all of Europe becomes a television marketplace. And we will all have one thing in common. We will all be consumers with unlimited variety and availability— *heteroconsumers.*

If we want to market our products or services globally, we must do it within the culture and language of the local market.

The flip side of this global marketplace is that it becomes all but impossible to be a nationalistic marketer who will force the global market to accept products the way we may want to grow them or make them. In this global marketplace communication and understanding will be paramount in everything from pesticides to the environment, with all the long-range as well as short-range implications.

As consumers become international shoppers of a global cafeteria, as we have already seen its beginnings in produce, the impact on all marketing will be tremendous. Indeed, the impact on all political and social forces will be tremendous, as they are already beginning to be felt outside the West, as well as within.

There is probably no greater single economic, political and social force that could be unleashed in the world than a truly global inter-reacting marketplace of heteroconsumers.

In the words of Philip Geier, chairman & CEO of Interpublic, the group of global advertising agencies, "Generally, people don't give a damn where something comes from—except where that country denotes special quality and value—in which case it is a plus, not a negative. Consider the clothes we wear. Where did the fabrics come from? Who did the styling? Who owns the store where they were bought? These were *not* factors in our purchasing decisions. We are guided by quality, price, value, style, and other product and service attributes—not by country of manufacture."

Multinational manufacturing and marketing take on whole new and different implications. This applies to the marketing of the intangible as well as the tangible.

Once the Soviet citizenry began listening to rock music and wearing blue jeans, it was the beginning of the end for monolithic communist austerity and suppression. Consumerism will prove to be far stronger and more successful than communism or any other "ism."

But U.S. marketers will have some marketing truths only recently learned to follow and fulfill as well. The arrogance toward consumers of the U.S. auto industry has not always been unique to that industry

Continued on page 10

SUPERMARKET BUSINESS

NONFOODS BUSINESS

INSIGHTS FOR MANAGEMENT AND THE GM/HBA SPECIALIST

While a controversy grows over just how profitable periodicals are, retailers are taking a fresh look at how many titles they carry, and how to decide which ones are placed at the front end.

MAGAZINE MERCHANDISING

BY DAVID LITWAK

A TALE OF PROFITS, SHAKEOUTS AND SHAKEDOWNS

A UFO has landed on the Ventura Freeway! Lady Di is having a secret affair with a milkman from Liverpool! The 10 best ways to lose cellulite—while quitting smoking! Let's not forget the annual Fall Preview issue of *TV Guide*.

Supermarkets have long had a close relationship with magazines. For decades, patrons have caught up with events of the world, whether real or imagined, while waiting in line at the supermarket checkout.

Until the mid-1970s supermarkets kept a rather close rein on the magazines they sold. Generally, the titles consisted of tabloids, the women's service books, *TV Guide*, and the better-selling news and general-interest books. These, for the most part, were merchandised at the front end.

Times, tastes and stores have changed. As anybody who must keep track of a store's periodical inventory knows, supermarkets have gotten into the business in a big way. For some, in too big a way. While the checkstand racks are still stocked with the same basic kinds of periodicals, the aisle sections have become veritable newsstands. In many cases, the magazine sections in our larger stores carry more titles than the average newsstand.

Magazines are big business. According to SUPERMARKET BUSINESS's 41st Annual Consumer Expenditures Study, sales of magazines through supermarkets reached $1.27 billion in 1987. That is slightly more than half the total sales of magazines through all retail outlets, and accounted for an increase of 10.8 percent over 1986 sales. There is no doubt that sales have been healthy up to this point. There is one trend that retailers should be concerned with in terms of magazine sales. Since the beginning of this decade single-copy newsstand sales of magazines, including checkstand, have declined. Industry analysts put the figure at about 14 million copies fewer in 1988 than 1980. The magazines themselves are still being bought, but more and more sales are going through subscriptions, which fit better into today's more convenience-oriented lifestyle.

This trend has even affected the mainstay of the supermarket magazine business. Sales of nine of the top 10 newsstand titles have declined. These top-selling titles can account for anywhere from 80 percent to 95 percent of a store's periodical business.

What about profits?

When asking operators about the profitability of magazines, the responses are generally very favorable. Just how profitable is an issue that gets somewhat less agreement.

The Magazine Publishers Association (MPA) conducted a study of the profitability of various general merchandise categories in the fall of 1986. Based on the responses of two large supermarket chains, the MPA concluded that magazines were among the highest general merchandise profit

In theory, in-aisle magazine sales generate a better DPP than checkout sales. So much for theory!

makers. According to the study magazines had a direct product profitability (DPP) of about $2/sq. ft. at the checkstands, and about $4/sq. ft. in-aisle. These measurements may not have taken into account the various allowances that retailers receive for checkstand displays.

Encouraged by these findings, SUPERMARKET BUSINESS in conjunction with *Folio*, a trade magazine covering the publishing industry, has just completed a national survey of retailers to measure their experiences with periodicals. In all, 74 chains provided data on how they merchandise magazines, and what their future plans for the category were.

The survey showed that magazines were getting the attention they deserved from retailers. Stores with more than 25,000 sq. ft. gave an average of 28.1 ft. to their magazines in aisle sections, with an additionai 17.5 ft. at checkout. Many of the larger stores are merchandising magazines alongside hard- and softcover books in a reading center.

Smaller stores—those under 25,000 sq. ft.—devoted an average of 16.8 ft. of aisle space and 12.1 ft. at checkout to magazines. According to retailers, a vast majority of them (79 percent) had no plan to increase this space by 1991. The consensus, among those who were familiar with the MPA study (only 36 percent), was that it had little effect on the space they would devote to magazines, or on the way they merchandised magazines.

The SUPERMARKET BUSINESS/*Folio* survey found that most retailers had not done their own DPP analysis of their magazine sections, so they could not evaluate the MPA findings. There was some surprise that aisle DPP was so much higher than checkout DPP. Most thought the two would be similar.

"I thought they'd be closer in profitability," remarked Bob Yehling, general merchandise specialist, Harp's Food Stores (Springdale, Ark.). Any difference in profit is due to the better-selling titles being merchandised up front, according to Yehling.

"Checkouts are more profitable only because they're turning more. The aisle sections are the areas with the lesser movers. Upfront we keep the top 10 to 15 sellers. The dollars are at the checkout—60 to 65 percent of sales are at the checkout," says Yehling.

Profits are measured by more than DPP. Profit, according to more traditional measurements, namely margins and money, is not always consistent.

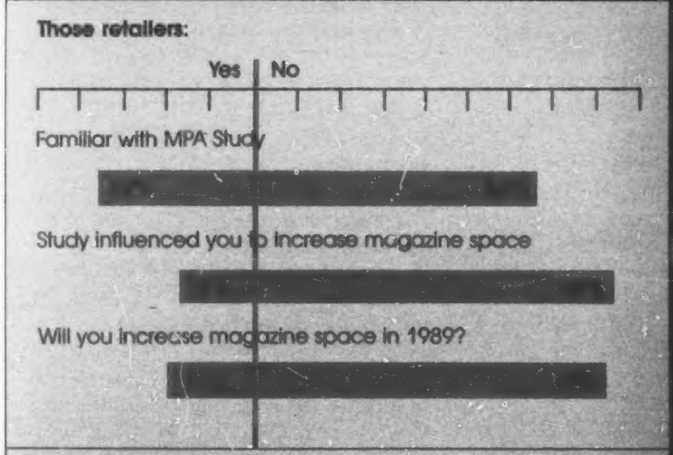
"The gross profit is not where we want it to be," says Yehling, "but the dollars are." As long as the dollars come in, sometimes a softer margin can be overlooked. Harp's runs a discount on its magazine prices. According to Yehling, "We discount magazines in all our stores, generally 10 percent. In this area, which encompasses four states, discounting is very prevalent. You had better do it, or you never get the business."

The practice of magazine discounting affects gross margins, just as publisher allowances do. Retailers say that the practice depends on a market-by-market analysis. It is generally only done in those markets in which there is discounting of many product categories.

Genuardi Super Markets (Norristown, Pa.) finds that the margins that it is getting on magazines are high. Skip Genuardi, property manager, claims that "magazines are a highly profitable category. We find that magazines have a good gross margin, and tend to keep that margin, because there is little labor." Genuardi admits that having the luxury of giving back unsold titles helps. Magazines, in effect, become a guaranteed sale, although unsold books do tie up a retailer's money.

Genuardi's puts in a minimum of an eight-foot section in the aisles, but this section increases with the size of the unit. The chain's upfront merchandising policy is to devote two-thirds of its

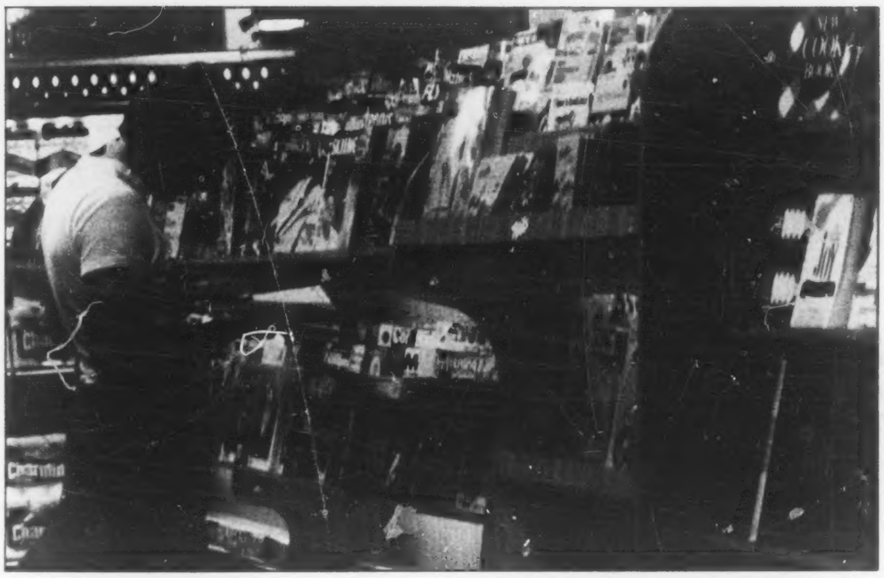
RESULTS OF THE JOINT *SUPERMARKET BUSINESS/FOLIO* SURVEY ON PERIODICALS AND THE MPA STUDY



Average Number of Feet Allocated to Magazines

	Stores less than 25,000 sq. ft.	Stores more than 25,000 sq. ft.
In aisle	**16.8 linear ft.**	**28.1 linear ft.**
Checkout	**12.1 linear ft.**	**17.5 linear ft.**

'We're pretty close to being tapped out in terms of things to offer to the retailers.'



Magazine sales do generate profit for retailers. The typical in-aisle section can display a huge number of titles, including many slow-moving ones.

checkstands to magazines. Therefore, the space devoted to magazines on the front end will enjoy a de facto increase as the company opens bigger stores with more checkout lanes.

Money in their 'pockets'

"While we have not increased our pocket charges, I've heard that some people (retailers) have been really turning the screws," claims a magazine merchandiser at a large Southwestern chain, who didn't want to be identified due to the sensitive nature of the subject. "We're not big on extorting money from people, and taking manufacturers for as much as possible."

Promotional money, as we all know, is a controversial topic in the grocery industry. The magazine category has its own version of this phenomenon. It goes under the name of RDA's, or RMA's, or display allowances, or pocket payments. Simply put, it involves a promotional payment or invoice reduction for placement of a title in the front-end racks. Very often, it is tied in with the supplying of those racks, which are paid for by the publishers whose titles are placed in them.

"We're pretty close to being tapped out in terms of offering things to the retailers," says Richard Jacobsen, vice president, sales, Time Distribution Services (New York). "Some retailers are either demanding allowances or taking it off invoice."

Jacobsen would like retailers to concentrate more on making decisions based on profits. "In many cases, profit hasn't been the driving force in making placement decisions. Profit and DPP are of great concern to us. The last time I looked, you still take profits to the bank, not allowances." Allowances, he asserts, really only affect the margins in the long run.

In many instances Time Distribution Services acts as a "quarterback" for the retailer. A quarterback develops the front-end display for the retailer, and solicits the participation of other publishers in paying for the display, in return for placement on it. Jacobsen feels that retailers can get a better display, with maximum sales and profits, by letting a publisher do the quarterbacking.

Some chains have lately taken to becoming their own quarterbacks, includng Stop & Shop and A&P. This, they say, gives them better control. Publishers feel that it can lead to higher allowances.

Many retailers say that they are simply going along with what the publishers are offering. Harp's Yehling takes a pragmatic approach to fixturing and allowances. "We develop the fixture, and they (the publishers) pay for it."

The money that is thrust on the retailer is, according to Yehling, a situation caused by publishers. "You try to get as much as you possibly can. It's pretty competitive; publishers realize they have to get that space. It's competition by publishers, and not greed by retailers."

Titles and more titles

A growing problem for retailers is the increasing number of magazine titles. This is part of the need for space allowances, especially for new titles; there have been approximately 150 major new titles put out since 1980.

In order to fill the now large in-aisle sections, they have to stock hundreds of titles. One Southwestern retailer has an authorized list of more than 600 titles. The company's magazine merchandiser is thrilled, because the list has been pared down from the 1,700 titles that were on it two years ago.

"In a normal eight-foot section you need about 200 titles," according to Skip Genuardi. "While some of them can get pretty esoteric, and specialized, every once in a while you find a gem, and it really moves for you."

Says Harp's Yehling—and this is echoed by many retailers—"The top 20 to 25 titles are doing 98 percent of all the magazine business." That prompts the question of why retailers don't simply discard the other 175 or so titles, and devote the space to other products, instead of tying up money until the unsold titles are returned.

Harp's has done that to some degree. It has cut back on space devoted to magazines in some stores. In their place, Harp's has put in children's books, magazines and related materials. According to Yehling, the response has been good.

Most of the retailers surveyed indicated that they had reached the saturation point in terms of titles. Since most are not increasing display space for the category, there will be a shakeout of less profitable, or slow-moving titles.

As retailers do begin to apply more sophisticated methods of analysis to the category, they will be better able to control what they are stocking and where it is being displayed, and rely less on publisher quarterbacks. Allowances? Well, that's another story. Don't give up on them just yet. ■

SAMI UPDATE

HBA Sales In Food Stores Stagnate In November

Dollar Volume Gain Of 4.0% Is Lowest Among All Product Departments During The 28-Day Period

BY ALAN B. MILLER JR.

As 1988 rolled to a close health and beauty aids unit volume in food stores, which had enjoyed the highest growth rate of all product departments at halftime, had fallen behind as the two-minute warning sounded. Not that there was ferocious sales activity in the other store sections, because unit volume among all five product departments combined rose just four-tenths of a percent in the four-week SAMI reporting period ending Dec. 2, 1988, over the corresponding year-earlier period.

Shelf-stable foods, measured in pounds, fell 0.2% and frozen foods were slightly behind the achievement during the next-to-last period of 1987 (less than 0.1%). Poundage of refrigerated foods rose a scant 0.7%, and unit sales of dry grocery nonfood items were three-tenths of a percent ahead of the comparable period last year.

The best showing on a retail dollar measurement basis was turned in by refrigerated foods, which enjoyed a four-week gain rate amounting to 6.2%, somewhat better than the 4.0% increase on a full-year basis. As a matter of fact, health and beauty aids was the only product department in which the four-week dollar gain did not exceed the gain rate for the 52-week span.

Dollar trends were influenced in some instances by higher prices of products related to the summer drought—for example, vegetables and grain products. In other instances there were dollar increases occasioned by a change in the product mix to more expensive value-added items such as new microwavable or single-serving offerings, which bear higher prices.

The unit volume trend in all 54 SAMI markets combined among drug stores was even less favorable than the pace in food stores. During the same four-week period and in the same 52 product categories, the drug store volume fell 2.0% as compared with the 0.1% decline in food stores. However, dollar volume categories advanced 5.1% in drug stores, a higher increase than the 4.0% rate of gain found among food stores. During the four-week period under scrutiny food store sales in 52 health and beauty aids categories amounted to $645.8 million, or 51.9% of the two-outlet total. Their food store share for the full year is exactly the same—51.9%.

There was an even split between tonnage gains and losses on a product group measurement basis. The pluses were found among deodorants (+0.9%), hair care needs (+0.5%), proprietary remedies (+0.2%) and skin care aids (+3.9%). The losses occurred among baby needs (-2.0%), first aid (-3.1%), oral hygiene (-1.0%) and shaving needs (-2.9%).

Losses outpace gains

At the product category level of measurement the losses outweighed the gains, 29 to 23, which was about the same ratio as the 28-to-24 loss/gain finding in the preceding period. The categories with the highest loss rates were home permanent kits (-14.4%) and infant clothes (-14.3%). Three product categories enjoyed double-digit rates of gain: feminine hygiene deodorants (+57.7%), suntain lotion-suntan oil (+53.0%) and spray deodorants (+10.7).

Although the trend among baby needs was negative, the performance of all four categories in this product group combined represented a slight improvement over the preceding period, which encompassed pretty much the month of October. The November loss was 2.0% vs. 2.5% for October; the trend for nursing supplies was positive (+0.8%) as compared with a loss in the same amount during the prior reporting

HEALTH & BEAUTY AIDS:
SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 10/7/88	 4 WEEKS ENDING 11/4/88	 4 WEEKS ENDING 12/2/88
BABY NEEDS	**− 2.2%**	**− 2.5%**	**− 2.0%**
Baby Powders	− 6.7	− 7.6	− 4.7
Baby Oils, Creams & Lotions	− 0.2	− 2.2	− 1.7
Infant Clothes	−15.4	− 0.4	−14.3
Nursing Supplies	+ 0.1	− 0.8	+ 0.8
DEODORANTS	**+ 0.6%**	**+ 5.2%**	**+ 0.9%**
Sprays	− 0.9	+12.7	+10.7
Roll-Ons	− 3.4	− 2.0	− 9.1
Stick Deodorants & Pads	+ 0.1	+ 4.7	+ 0.8
Creams	− 8.1	−11.1	− 8.8
Deodorants & Talcum Powders	+ 2.8	+ 2.5	− 3.8
Feminine Hygiene Deodorants	+87.5	+94.3	+57.7
Foot Deodorants & Athlete's Foot Remedies	+ 5.5	+ 4.9	+ 5.5
Feminine Douches	+ 6.9	+ 4.7	+ 1.2
FIRST AID	**+ 0.9%**	**− 3.9%**	**− 3.1%**
Antiseptics	+ 3.2	+ 0.7	− 1.3
First Aid Products	− 0.5	− 5.8	− 4.2
HAIR CARE NEEDS	**+ 3.5%**	**+ 4.4%**	**+ 0.5%**
Shampoos	− 0.3	+ 4.1	− 3.1
Hair Sprays	+13.1	+ 5.8	+ 6.8
Hair Conditioning Rinses	+ 7.6	+10.0	+ 3.2
Hair Setting Needs	− 1.4	+ 3.5	+ 1.6
Home Permanent Kits	−20.9	−16.4	−14.4
Hair Coloring	− 4.2	− 1.2	− 1.1
Hair Dressing Needs	− 8.3	−12.4	− 9.7
ORAL HYGIENE	**− 1.7%**	**− 3.0%**	**− 1.0%**
Toothpastes & Powders	− 6.9	− 5.0	− 1.3
Mouthwashes	+ 9.3	− 2.4	− 4.3
Breath Fresheners	− 0.9	− 0.1	− 6.6
Denture Cleaners	− 0.1	− 3.1	+ 2.3
Denture Adhesives	− 6.4	− 0.3	+ 0.6
Toothbrushes	+ 8.2	+ 5.0	+ 4.4
Dental Aids	+ 0.5	− 4.2	+ 1.3
PROPRIETARY REMEDIES	**+ 2.2%**	**+ 0.7%**	**+ 0.2%**
Antacids	− 0.0	− 2.4	− 5.5
Internal Analgesics	− 0.3	− 1.5	− 0.3
External Analgesics	− 1.7	+ 1.0	− 3.5
Cold Remedies	+ 7.1	+ 8.1	+ 9.7
Nasal Sprays—Drops—Inhalers	− 6.7	−10.8	− 7.6
Chest Rubs	− 6.1	− 5.5	− 5.3
Cough Remedies	+ 2.1	− 3.4	− 1.7
Laxatives	+ 2.3	+ 3.2	+ 1.0
Sleeping Aids	+ 2.4	− 4.1	− 4.6
Tranquilizers	− 6.7	− 9.6	− 5.0
Synthetic Vitamins	+13.2	+16.0	+ 6.9
Eye Care Products	+ 7.1	+11.2	+ 8.5
Appetite Suppressants	+ 2.9	− 6.5	+ 8.3
SHAVING NEEDS	**+ 1.2%**	**− 0.1%**	**− 2.9%**
Shaving Creams	+ 4.8	− 6.0	− 3.3
Pre-Shave Lotions	− 0.7	+ 5.4	− 3.9
After-Shave Lotions	−10.0	+11.8	− 3.8
Razor Blades	+ 0.9	+ 1.5	− 2.6
Razors & Blades	+ 5.0	− 1.1	+ 0.5
SKIN CARE AIDS	**+ 0.9%**	**+ 1.6%**	**+ 3.9%**
Hand & Body Creams & Lotions	+ 3.1	+ 6.3	+ 9.7
Facial Preparations	− 4.8	− 3.9	+ 1.1
Lip Care Products	+ 2.2	+ 0.9	+ 0.9
Suntan Lotions & Oils	+68.8	+150.7	+53.0
Cosmetic & Medicated Skin Aids	− 1.7	− 4.3	− 2.9
TOTAL ALL CATEGORIES	**+ [illegible]**	**+ 0.8%**	**+ 0.1%**

SAMI UPDATE

Continued from page 83

period. Similarly, the loss rates of 4.7% for baby powders and 1.7% for baby oils, creams and lotions were lower than those registered in the preceding period.

The most important downturn was found in the infant clothes category: Its most recent four-week loss of 14.3% was about the same magnitude as the 13.9% loss rate on a full-year basis. On a 52-week basis two of the baby needs categories showed gains: baby oils, creams and lotions (+6.1%) and nursing supplies (+0.8%), while two exhibited negative trends: baby powders (-5.3%) and infant clothes (-13.9%).

Sprays perform well

The big year-end turnaround in the personal deodorant category was the strong performance of sprays, which recorded increases as the result of the national launching of Mennen Speed Spray and Bristol-Myers' Ban. Units in this category are still running slightly behind for the full year, but if the current gains continue, there will soon be an annual growth rate on record.

The renewed vitality for sprays has contributed to declines of 9.1% for roll-ons and 8.8% for creams and has slowed the growth of stick deodorants/antisperspirants to just 0.8% for the four-week period in contrast with a growth rate amounting to 5.7% for the full year. As noted in prior columns the strong performance for feminine hygiene deodorants is the result of the national introduction of Massengill Towelettes. The gain of 5.5% for foot deodorants and athlete's foot remedies was lower than the 9.0% unit sales increase on a full-year basis. The four-week gain rate of 1.2% for feminine douches/washes was lower than both the 12-week span (+4.4%) and the full year (+8.4).

There were unit volume losses in both first aid categories, to -1.3% for antiseptics and -4.2% for first aid products (bandages, swabs, cotton balls, etc.). For the full 52-week period antiseptics are 4.2% ahead of the 1987 pace, while first aid products are 0.9% in arrears.

Hair care needs balance out

Of the eight categories of hair care needs, four were ahead in November and four registered negative trends. Hair sprays continue to be the pace-setting category, but the rate of gain has been less dramatic in recent periods. The November increase was 6.8%, whereas the annual advance amounted to 12.7%. Four-week sales in the highest volume category of hair care needs—shampoo—fell 3.1% in contrast with the 4.1% increase in the preceding period.

Hair conditioning rinses also retreated from the double-digit gain rate found in October. Hair setting needs were ahead just 1.6%, but this gain, made possible by growth among hair styling gels, was against an unusually strong year-ago period. Four-week losses for hair coloring (-1.1%) and hair dressing needs (-9.7%) were consistent with recent trending in these two categories.

Four of the seven oral hygiene categories tracked by SAMI in food, drug and mass merchandise outlets showed growth in food stores during the period ending Dec. 2, 1988. However, there were loss rates in the two categories with the highest volume: a 1.3% decline for toothpaste and powder (which was an improvement over the 5.0% decline found in the preceding period) and a 4.3% loss for mouthwash (a worsening of the preceding-period loss, which came in at -2.4%). The 6.6% decline for breath fresheners does not translate to many sales dollars in this small-volume category.

The best performance was a 4.4% increase in unit volume for toothbrushes. There were gains for both denture cleaners and denture adhesives, whereas the trends were negative in both categories for the 12-week interval.

Continued on page 85

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SAMI UPDATE

Continued from page 84

Among the 14 categories of proprietary remedies tracked by SAMI for the 28-day period, only five had plus volume. However, gains of 9.7% for cold remedies, 8.5% for eye care products, 8.3% for appetite suppressants and 6.9% for synthetic vitamins were sufficient to create a gain of 0.2% for the product group as a whole.

Three of the four categories of colds products had sales reverses: nasal sprays-drops-inhalers (-7.6%), chest rubs (-5.3%) and cough remedies (-1.7%). Sales of internal analgesics retreated 0.3%. Rounding out the list of losers were antacids (-5.5%), external analgesics (-3.5%), sleeping aids (-4.6%), proprietary tranquilizers (-5.0%) and natural vitamins, minerals and supplements (-1.2%). There was a 1% gain in the sales movement of laxatives.

As a result of a four-week gain of 1,000 units in the razors and blades category, not all categories of shaving were on the downside. However, three of the five categories in this product group went from plus to minus between October and November.

Shaving creams were behind in both reporting periods, but there were losses of 3.9% for pre-shave lotions, 3.8% for aftershave lotions and 2.6% for razor blades. On an annual basis only one of these five categories of shaving needs is not running ahead: razors and blades, with a gain rate of 2.7%.

Skin care aids revive

The trend line for skin care aids has improved over the preceding period. The current product group gain of 3.9% is more favorable than the 1.8% gain in what is essentially the month of October. Much of this gain can be credited to the four-week gain of 620,000 units of hand and body creams and lotions. SB

SPACE MANAGEMENT

Continued from page 28

want space allocations to be based can be factored into the programs to some degree, but you have to have a clear picture of what they are first, according to Cleary and others.

Space management software "is a tool that lets you look at a situation in unhabitual ways, but you have to impose your corporate values on it," says Woodard of Vons.

"The software can't make merchandising decisions," concurs Shaw's Wohlen. "It just makes sure you allocate correctly based on profitability, and tells you the return you *should* get.

"I've learned one thing," he adds. "You can do as many planograms as you want on the computer and they look good on the screen—all the little boxes look nice and pretty—but when you put them onto the shelf it may look hideous, or you can't read the label on the top shelf..." Photo planograms add a more realistic dimension to the process, but some retailers consider them more a sales tool for manufacturers than a worthwhile allocation tool.

Other variables also come into play. Most supermarket shelving runs in four-foot increments, so what happens when you discover that a particular set requires 18 feet instead of 16 feet? Or your planogram looks perfect, but when you start resetting you find a forgotten pole that's blocking some items? And how about that lip on the shelf that hides an item's logo?

How do you account for special displays and endcap promotions that can throw off your sales figures? What about seasonal items, like ice cream in a mini-freezer near the checkout, or candy that's put in dump bins at Halloween?

A well-trained user may be able to compensate for these and other variables using existing software, but in many cases the level of technical expertise simply isn't there. The next generation of space management software may make it easier, but you still won't be able to put your computer on automatic pilot and watch it do the job.

The consensus among retailers who have made a dedicated effort to use space management is that the investment pays off in the long run. The key, they say, is not to be mislead by claims of unrealistic financial gains, or by fancy features that may be unnecessary.

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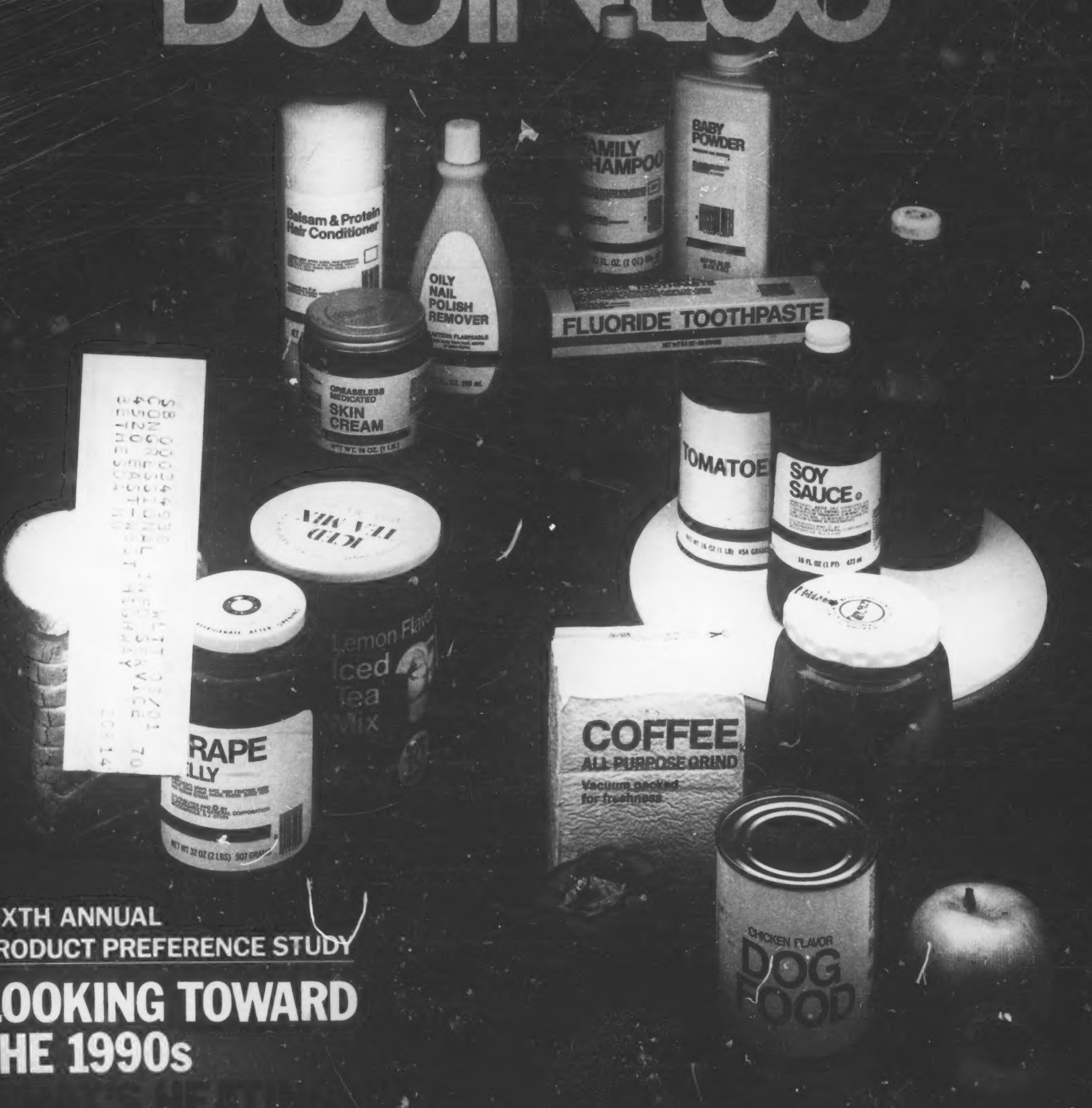
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SIXTH ANNUAL
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LOOKING TOWARD THE 1990s

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IN 2001, WHO WILL DELIVER THE GROCERIES?

SUPERMARKET BUSINESS

MARCH 1989

VOLUME 44/NUMBER 3

SIXTH ANNUAL PRODUCT PREFERENCE STUDY

LOOKING TOWARD THE 1990s—WHAT'S HEATING UP, WHAT'S COOLING OFF/BOB DIETRICH 33

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By Ken Partch, Editor-in-Chief

To Questionable New Products, Just Say No

On *Newsweek's* "Periscope" page there is a feature that runs regularly called "Conventional-Wisdom Watch." It carries a list of hot topics with accompanying arrows that indicate which way the CW on a particular hot topic is headed— up, down or sidewise.

I am thinking of starting such a department for SUPERMARKET BUSINESS, what with all the public attention supermarkets are getting of late on everything from solid waste to insecticides to slotting allowances.

Imagine, just a few years ago, finding yourself watching an interview on the subject of slotting allowances on the *Today Show*? Any day now, we can expect a CNN Larry King evening debate on what the coupon handling cost should be and how it affects consumers.

Speaking of slotting allowances, as I have been wont to do from time to time, recently I found myself in agreement (almost) with Bob Wunderle of Supermarkets General (Pathmark), for what is probably the first time, as I recall. Where I am almost in agreement is on his telling *The Record* (Bergen County, N.J.) that grocery manufacturers were "duplicitous" about slotting allowances.

"They started it,' said Wunderle, "then they complain they wish they didn't have to pay it." I regret having to employ an indirect quote, but Bob rarely speaks to the trade press, although his title does include public affairs, I believe.

As I say, we tend to agree in the story, back about where Bob says manufacturers are "duplicitous about it [slotting allowances]," but we soon begin to travel different forks in the road. That's where he says, "If their item really is the greatest thing since sliced bread, customer demand will keep it on the shelves." But how, if the product never got on the shelf in the first place? I guess he means if it got on somebody else's shelf and became so hot that Pathmark had to have it, too. That used to be the marketing philosophy of some well-known big chains that are either no longer with us or are now under new management.

Bob and I intersect again farther down the road, where he says, "We ask for it, and if we can get it, we want it. But that's not where we make our money. We make profits by selling goods that consumers demand." I'll avoid any possible legal questions in that paragraph, and applaud the part about "selling goods that consumers demand."

What ever became of buying committees? What do buyers ask these days: 'What's the track record?' Or, 'What's the deal?'

But getting back to the conventional wisdom aspects of slotting allowances, which I so sneakily introduced in the early part of this essay, the CW of slotting allowance rationale was first enunciated to my knowledge during that *Today Show* back in early January. To wit: Supermarkets have to charge slotting allowances because manufacturers are introducing too many new products that have not been market tested.

Well, now. I am often wont to talk back to TV talk shows even though I know they can't hear me. I was especially eager to talk back to this talk show for two reasons: One, I was interviewed for approximately one-half hour about this issue by *Today Show* staff people. I was asked if I would appear on the show, but was never invited. Two, the next obvious question was never asked: Does that part about new products not being market tested imply that if the manufacturer *does* the market research, and it is favorable, that he doesn't pay the slotting allowance? (Perhaps that's why I wasn't invited.) Bryant Gumbel, the host, is a nice guy, and may know something about sports, but— as we say in New York—a maven on supermarket trade practices, he ain't.

Going back to the story in *The Record*, Jack Cergol of Food Marketing Institute is also quoted. Jack tells us that some 10,000 new products were introduced in 1987, more than four times the amount produced five years ago. Jack also goes on to say: "Manufacturers are trying to dump these new products, letting them live or die on the shelf. They aren't doing any test marketing or research. Retailers shouldn't have to pay for that."

Right enough. But Jack raises a different conundrum—a question having only a conjectural answer, a riddle, a mystery, possibly a canard. I am beginning to hear it more and more frequently, but in slightly altered form than the original. It is: "More than 90 percent of new products fail and are removed from the shelves within months."

The question, the riddle, the mystery is: Where does that statement originate? Is that based on *FMI* research, Jack? Or is that the old "Eight out of ten new products fail," statement, quoted without attribution in almost every speech on the subject for the last 30 years, at least? Eighty percent might be close enough to Jack's 90 percent (the current CW).

Continued on page 8

TRADE SCAN

EDITOR'S VIEW

Just Say No

Continued from page 5

Somewhere back in the now dimming past, I remember tracing that statement to the only source I could find. It came from a packaging and label designer of some stature, at the time. The time is dim, but the author stands out in limned clarity. It was the late packaging guru, Louis Cheskin, inventor of such phrases as "the package as salesman," and "brand image." As near as I could ever find out, he made that statement purely out of the conventional wisdom of the time. Cheskin offered no attribution either. He didn't have to. He was his own source. Yet, it still lives, updated to allow for inflation.

But the real conundrum, the real mystery is: Why do supermarkets allow themselves to be overwhelmed with questionable new products? To questionable new products, without supporting market research, why don't buyers just say: No!

Isn't that supposedly what buyers get paid for? Isn't the retailer supposed to be the buying agent for the consumer? Why should the consumer have to choose among all the thousands of untested and unannounced new products to find a good one? What ever became of buying committees? What do buyers ask these days: "What's the track record?" Or, "What's the deal?" The next time you are offered a questionable new product, just say: No! Look at all the problems, nay addictions, you can avoid. ■

New Product Introductions Drop 5.6 Percent, Study Says

The number of new packaged goods introduced to the U.S. market in 1988 decreased 5.6 percent from the record high it hit in 1987. About 70 percent of all new items were line extensions rather than new brands or brand extensions.

These are the findings from Productscan, a computerized product database from Marketing Intelligence Service Ltd. (Naples, N.Y.). The number of new packaged goods dropped from more than 6,000 in 1987 to fewer than 5,700 last year.

But even as marketers begin limiting item introductions, the industry continues to struggle for new-product space, according to Marketing Intelligence president Richard Lawrence.

Of the 5,697 new products that appeared last year, about 26 percent were new brands, and less than three percent were brand extensions. The vast majority of new items—more than 70 percent— were new sizes, flavors and varieties of existing product lines

Line extensions generally are less risky—and less expensive—for suppliers, although overuse of a product name can be harmful, according to Janet Mansfield, manager of the company's Information Analysis Center.

Large companies increased their share of new food products from less than 18 percent in 1987 to nearly 21 percent in 1988. They also accounted for more than 24 percent of new health and beauty aids last year, over their 20 percent claim of new HBA the previous year. Large suppliers lost ground when it came to new household products, however, dropping from nearly 33 percent to almost 29 percent of that market.

Innovation among new products declined, according to the report.

'88 Mergers, Acquisitions Rose Nearly Nine Percent, Food Institute Finds

The number of mergers and acquisitions in the food industry totaled 652 in 1988, an 8.8 percent increase over the 599 tally in 1987, according to the Food Institute (Fair Lawn, N.J.).

Year	Transactions	% Change
1985	658	+12.9
1986	724	+10.0
1987	599	-17.3
1988	652	+8.8

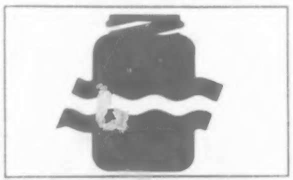
Significant gains in the number of mergers and acquisitions were posted in several categories, including diversified food processing firms (136 in 1988 compared with 110 in 1987); restaurant and foodservice companies (74 vs. 63); supermarket companies (42 vs. 34); foodservice vendors (31 vs. 26); bakers (27 vs. 15); meat packers (14 vs. 9); confectioners (12 vs. 6); and snack food processors (12 vs. 3).

Consolidation among retail chains included American Stores' acquisition of Lucky Stores, the Vons Companies' takeover of Safeway's Southern California division and A&P's purchase of Borman's.

Other activity on the retail front last year included leveraged buyouts at Stop & Shop, Cullum Cos., Grand Union and Farm Fresh. In addition, the Food Institute notes, The Kroger Co. has been undergoing a major restructuring, and operations at Safeway and Southland are changing as a result of previous buyouts.

At the supplier level, the takeover of RJR Nabisco by Kohlberg, Kravis, Roberts & Co. for a record $25 billion will necessitate divestiture by KKR of some competitive divisions of RJR Nabisco or Beatrice/Hunt Wesson, the takeover specialists' 1986 coup.

New Microwave Symbol Developed For Glass Containers



Retailers—and consumers—can expect to see more of this symbol in the future. A recent creation of the Glass Packaging Institute (Washington), it's designed to denote microwavable foods packaged in glass containers.

The symbol, an open jar with microwaves running through the center, will "communicate the premium position of glass and the convenience of the microwave," according to GPI president Lewis Andrews Jr. Consumers prefer glass over other types of packaging for microwavable products, according to a recent National Family Opinion poll.

The new microwave symbol is being distributed in camera-ready form to food processors nationwide. Its addition to product labels will increase consumer recognition and purchases of glass-packaged microwavables, according to GPI. The symbol is not copyrighted, and its usage is not intended to signify the Institute's endorsement of any product.

Repeal Of Tax Code's 'Section 89' Asked

Rep. John J. LaFalce (D-N.Y.) has introduced legislation that would relieve supermarket chains and other employers of a complex new data-gathering tax code requirement.

LaFalce's bill would repeal "Section 89" of the tax code, which was enacted as part of last year's revenue bill. The new provision, which took effect earlier this year, requires employers to "test" their employee benefits plan for possible discrimination in favor of top executives and other "highly compensated employees."

If fringe benefit discrimination is uncovered, the employer is required to report it to the Internal Revenue Service, which would, in turn, tax the high-level employees on the excess benefits. Penalties are set up for employers who fail to report discrepancies.

The New York Democrat has the support of more than 30 business groups.

In a recent letter to Congress, the group condemned the law's "web of administrative requirements which ... exceed the capabilities of many employers."

Adding to the opposition to this new provision is the failure of the IRS to clarify the reporting requirements. Although the law took effect on January 1, the tax service has yet to issue regulations interpreting and implementing the rules.

The LaFalce repeal legislation was introduced as Congress was already considering a proposal by Rep. Philip Crane (R-Ill.) to reevaluate the controversial Section 89 provision. Crane took a less drastic approach, calling for a one-year delay in implementing the new law.

LOOKING TOWARD THE 1990s

What's heating up, What's cooling off

Here come the '90s—inducing a seismic tilt in the age profile of America. This means good news for many product categories—but bad news for others. This exclusive SUPERMARKET BUSINESS forecast separates hot from cold.

> *Ours is an era in which some age categories will realize the most marked demographic changes in our history. Some age categories will decrease significantly; others will expand. The result will be an increasing pressure on businesses to adjust their market focus.*
>
> —William Lazer,
> Florida Atlantic University

PREPARED BY
ROBERT DIETRICH

No business will feel more pressure from, or have greater need to be alert to, these trends than the supermarket business.

What's more, these changes are at our door now, ready to transform the supermarket customer base between now and the year 2000. Some indicators of the convulsive dimensions of these changes:

- The young adult population segment that has so long enamored marketers will actually *shrink* in numbers, as 18-to-24s decrease by 8.2% between 1988 and 2000, and 25-to-34s drop by 16.2%.
- As aging Baby Boomers swell their ranks, adults 45 to 54 will increase by an astounding 54.6%.
- Seniors will grow by 14.4%, an above-average rate that presages their real tidal wave starting in 2011 (again, thanks to the Boomers).

Thus, over the relatively short course of a decade, the profile of the supermarket customer will undergo significant alteration, changing that customer's needs and tastes to a degree that requires thoughtful accommodation in how stores are stocked and merchandised.

A new looking glass

To set a framework for this accommodation, SUPERMARKET BUSINESS is devoting 22 pages in this issue to this special report, "What's Heating Up, What's Cooling Off," to forecast expected changes in demand patterns for 364 product categories.

This report is the first of its kind to interlace two massive sets of data on the U.S. population to arrive at this type of forecast.

The sources of these data are (1) the U.S. Bureau of Census, which compiles population forecasts, and (2) Mediamark Research Inc., whose syndicated research data are the largest source of consumer product usage data (see page 35).

By combining these databases, we are able to forecast each category's user base in the years 1995 and 2000 on the basis of (1) the proportion of a given age group that uses that category today, and (2) the growth in total members of each age group in the future.

The results of these projections are detailed in 15 pages of tables arranged by store depart-

NOTE TO READERS

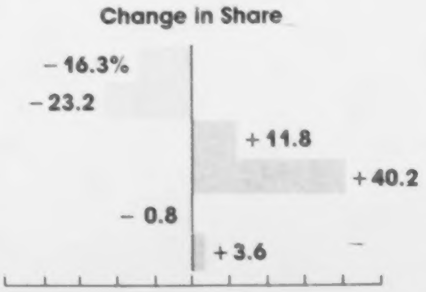
The MRI data presented in this report are under copyright by Mediamark Research Inc. and are presented here with its permission.

In this study SUPERMARKET BUSINESS has projected Mediamark Research Inc. usage-by-age relationships to Census Bureau population projections by age, thereby projecting current users to future users. But SUPERMARKET BUSINESS emphasizes that other present and future buying motivations (such as growing fears about too much sunshine) cannot be taken into account by any study based on traditional age-related and historic buying patterns.

CHANGES IN AGE DISTRIBUTION OF ADULTS

	1988	2000
18-24	14.7%	12.3%
25-34	23.9	18.2
35-44	19.5	21.8
45-54	13.2	18.5
55-64	11.9	11.8
65 and over	16.8	17.4

Source: U.S. Bureau of Census



The 82 million Americans born between 1946 and 1965—universally called Baby Boomers—have been a toothsome target for retailers through their babyhood, childhood, adolescence and right into adulthood (which the oldest first entered in 1964 and the youngest in 1983). By 2000 even the youngest will be over 35, so they will have slowed their buying of products that younger adults (18-to-34) favor and switched their purchasing power to products that middle-aged (35-to-54) adults covet. Just how severe this dislocation will be is suggested by this chart.

CHANGES IN POPULATION (000)

	1988	1995	2000
Adults	181,660	192,427	200,567
Change from 1988		+5.9%	+ 10.4%
Men	86,838	92,027	96,012
Change from 1988		+6.0%	+ 10.6%
Women	94,822	100,404	104,556
Change from 1988		+5.9%	+ 10.3%
Female Homemakers	79,236	85,258	88,824
Change from 1988		+7.6%	+ 12.1%

Source: U.S. Bureau of Census

The total U.S. population on July 1, 1988, the base point for this report, was 245.3 million. Of these, 74.1% were adults aged 18 or over, qualifying them for our interest as potential supermarket shoppers.

The Bureau of Census predicts that the number of adults will grow by 5.9% between 1988 and 1995 and by 10.4% between 1988 and 2000. By 2000, however, the seed of a trend that will continue to influence us over the next several decades will start to sprout, as the proportion of adults in the population grows by almost a full percentage point to 74.9%.

Even more significant than the shrinking of the kiddie factor is the dynamic realignment of age groups within the adult sector.

ment (see Index, page 40). Within each department, the various categories are arranged in order of their *relative* projected growth rates in users between 1988 and 2000.

Expectedly, categories favored most by younger adults trail those who depend more on over-35 users for their strength. But the implications run deeper for supermarket operators engaged in working up plans for the future. (See "Fasten Your Managerial Seatbelt" on page 36 for some guidelines on implementing the forecasts in this report.)

Need to know

Interest on the part of supermarket operators in demographics and demographic forecasts isn't a complete novelty, of course. Site selection studies have included these disciplines for years. And more recently, innovative retailers like Vons have used them to inaugurate stores that are "demographically formatted" likeTianguis (Hispanic) and Pavilions (upscale) in the Los Angeles market.

As the population ages, gerontophobia's traditional tight hold on the American psyche may be about to loosen up, if there's such a thing as intimidation in numbers. Some examples:

- "The Golden Girls" and "Murder, She Wrote" have maintained their footing near the top of the weekly Nielsens for several seasons after breaking the taboo against non-nubile leads.
- A survey by Opinion Research Corp. for the Motion Picture Association of America shows that the incidence of ticket buyers over age 40 rose from 14.2% in 1985 to 22.2% in late 1988. Increasingly mature audiences are likely to be offered more "Rain Man" and less "Pee Wee Herman."
- Advertising, too, seems to be in on the secret that grownups buy products, too. "Pepsi Spirit" commercials, according to Ken Dychtwald's new book *Age Wave*, have expanded the Pepsi Generation from the group between 15 and 25 and expanded it to one that stretches from 15 to 75.

There's still some reluctance, however, to give the more mature consumer full attention because many believe that (a) they don't have much money to spend and (b) they're tight with what they do have.

Both accusations can easily be discharged. James Schulz, professor of economics at Brandeis University, recently told *Forbes*, "Poverty among the elderly, as measured by the poverty index and adjusted for non-money income, has virtually disappeared."

What's more, observers of the aging phenomenon have noted a new movement toward more hedonistic living—that is, *spending* for self-gratification today rather than *saving* so heirs can spend tomorrow.

Future stock

The statistics in this report show the relative weight at which various product categories will grow as they are affected by a radical refigurement of America's age profile. Behind those forecasts, here are some other factors that will figure into the maturing of the supermarket shopper and the resultant change in the mix of products purchased:

- Health and fitness-oriented products will sell well both in the food and HBA sections of the supermarket. Low-cholesterol, low-sodium and low-fat appeals will be compelling wraparounds for many products. Both established and innovative remedies will build traffic flow in the HBA aisles.
- New hair care and skin care products will be formulated to meet the needs of more mature bodies. As Dychtwald puts it, "Americans will increasingly fight to look as young as they feel."
- Fresh or frozen prepared foods will expand in variety, and built-in compatibility to microwaves will be a given. Supermarkets will also find a receptive audience for catering.
- By the year 2000, quality of the pharmacy could leap to near the top of the list of factors considered important in choosing a supermarket.
- Many products in the household cleaners section will be rethought to lower the drudgery associated with such tasks as cleaning bathtubs and sinks and washing and waxing floors.

Wild cards

This report is a handbook of how your customers will change their buying habits in the next decade, given the best data now available. The magnitude in the changes of the population's profile will be breathtaking indeed. Unforeseeable changes in tastes, technology, or the economy could surface to undermine our empirically based forecasts.

How will the reality of what your customers buy in your store in the future vary from our scenario? Well, see you at the checkout sometime in 2000.

CHANGES IN NUMBER OF ADULTS BY AGE

There are four primary—or "base"—groups which are used to describe present and projected product category usage patterns in this report. They are adults, men, women and female homemakers (see Definitions, page 37).

Most categories show such distinct patterns in their usage by *age* of the base group that they comprise virtual "fingerprints." (Few if any categories can be found that are purchased by an equal proportion of every adult age bracket.)

What this obviously means is that a substantive increase—or decrease—in the *number* of people in the age group with the highest proportion of users will automatically trigger a corresponding upswing or downswing in sales. The projections shown here for adults are predictably similar to the other three base groups. So let's examine them.

What's astounding at first glance is that a country that has raced through the century assured that "tomorrow" is a synonym for "bigger-and-more" is about to witness a severe contraction in the actual *number*—not just proportion—of adults under 35. While their absence as workers and payers into Social Security funds is already being bemoaned, it's their absence as buyers of many of the things supermarkets sell that concerns us here.

While the 18-to-24 group will drop by 3.1 million between 1988 and 1995, and gain back 0.9 million of that loss by 2000, the 25-to-34 group will lose 2.9 million in the first half of the '90s and an additional 4.1 million in the second half, a drain that those who sell to young adults should find most disturbing.

Glutted with Boomers, the high-earning 45-to-54 bracket will increase its ranks by 13.1 million, or an eyebrow-raising 54.6%, a trend that should guarantee bullish expectations among marketers of goods favored by that group.

	Ages	1995 Vs. 1988	2000 Vs. 1988
Adults	18-24	−11.5%	− 8.2%
	25-34	− 6.7	−16.2
	35-44	+18.8	+23.7
	45-54	+30.8	+54.6
	55-64	− 2.9	+10.3
	65 and over	+11.0	+14.4
Total		**+ 5.9%**	**+10.4%**
Men	18-24	−11.4%	− 8.0%
	25-34	− 6.2	−15.7
	35-44	+19.5	+25.1
	45-54	+31.5	+56.1
	55-64	− 2.1	+11.8
	65 and over	+10.2	+12.8
Total		**+ 6.0%**	**+10.6%**
Women	18-24	−11.6%	− 8.3%
	25-34	− 7.2	−16.6
	35-44	+18.1	+22.3
	45-54	+30.2	+53.2
	55-64	− 3.6	+ 8.9
	65 and over	+11.5	+15.4
Total		**+ 5.9%**	**+10.3%**
Female Homemakers	18-24	−11.4%	− 8.4%
	25-34	− 6.2	−15.9
	35-44	+20.2	+24.2
	45-54	+32.0	+55.1
	55-64	− 4.8	+ 9.3
	65 and over	+11.6	+15.4
Total		**+ 7.6%**	**+12.1%**

Source: U.S. Bureau of Census

HOUSEHOLDS—PROJECTED CHANGES—1988 TO 2000

Although the number of adults will grow by only 10.4% between 1988 and 2000, the number of households will grow by 15.9%, over half again that rate. This is influenced in part by the expected continuing decline in household size that has been uninterrupted for the last quarter-century. Both nonfamily and one-person households have been on the rise. So, too, has the male homemaker. During the next decade male homemakers will increase at triple the rate of female homemakers.

	1988	2000	Change
Total Households	91,434	105,933	+15.9%
Female Homemaker	77,775	87,199	+12.1%
Male Homemaker	13,659	18,734	+37.2%
Percent Male	14.9%	17.7%	

THE MEDIAMARK DATABASE: Consumer Usage Today, Yesterday and (For the First Time) Tomorrow

The projections of consumer product usage in this report are derived from the database of Mediamark Research Inc. Made available here exclusively to SUPERMARKET BUSINESS, this is the largest consumer database in America, and one that serves more magazines and newspapers, television, radio, and cable companies, advertisers and advertising agencies than any other consumer research service.

Among the almost 700 subscribers to Mediamark are many names whose products are found on supermarket shelves, including Campbell Soup Co., S.C. Johnson & Son, Eastman Kodak, General Foods, Procter & Gamble and Ralston-Purina.

Marking its 10th anniversary, Mediamark has accumulated a unique history of the habits of consumers during the '80s. And, of course, data currently being released in Spring 1989 Reports give the most accurate and detailed picture of what Americans are buying and using today available anywhere. "As for looking into the future, I believe the way in which the new SUPERMARKET BUSINESS study has taken our usage data and projected it to the year 2000 using Census projections is a first," says Sylvia Cassel, senior vice president, administration. "But then our subscribers are always finding original new uses for our data."

The data are derived from an annual survey of 20,000 randomly selected individuals who participate in both personal and self-administered surveys that cover the demographics, product usage and media exposure of all persons aged 18 and over.

Statistics are compiled on 450 product and service categories, 1,900 product types and 5,700 individual brands.

In addition to referring to the set of 20-plus volumes published annually by Mediamark, subscribers can access the data electronically through the on-line MEMRI™ system, using specially developed software packages.

To find out more about the categories mentioned in this report, or about Mediamark services in general, contact Sylvia Cassel, Mediamark Research Inc., 341 Madison Ave., New York, N.Y. 10017. (Tel.: 212-599-0444)

Fasten Your Managerial Seatbelt— The Year 2000 Is Closer Than You Think!

An old Russian proverb says, "If men could foresee the future, they would still behave as they do now." No wonder the Russians have never learned the knack of running a supermarket—or much else that concerns marketing of consumer goods for that matter.

But shrewd American marketers both need and want to know the future, and this report is designed to give them some useful insight into the impact an unprecedented change in demographics—amazingly compressed into the next decade—will have on their businesses. As simply summed up in a recent cover story in *Life* "While most people are merely curious about the great beyond, business demands to know it, for that is good business."

Our definition of "marketer" ranges from those who produce (i.e., manufacture or process) the products found on supermarket shelves, to those at chain and wholesaler heaquarters who are responsible for buying and promotional strategies, and finally to those at the store level who order the merchandise, set the shelves and build displays.

Between today and 2000, the age distribution of the U.S. adult population will undergo an epochal transformation.

To qualify the coming changes, SUPERMARKET BUSINESS has projected changes in the user base of 364 product categories sold in supermarkets by combining two unique databases:

(1) U.S. Bureau of Census, which produces population projections by age far into the 21st century, and

(2) Mediamark Research Inc., which projects national usage of individual product categories over a variety of demographic breakouts including age.

Census projections tell us with a high degree of reliability what magnitude of increase in population we can expect between today and 1995 and 2000. By applying Mediamark's usage-by-age relationships to census date and thereby projecting current users to future users, we see how fast the user base will grow *by product category.*

This is the core of the data marketers need to conceptualize and prepare for the mix of supermarket shoppers that will be a reality in a little more than a decade. To put the product category projections into perspective, here are some questions worth asking:

- *Where should I allocate my funds for new item development?* Marketers have been smitten with the young-adult market for many years. Well, youth is about to prove itself fickle as the *number* (not just the proportion) of under-35 adults suffers serious seepage in the '90s.

But there will be a simultaneous explosion in the numbers of 35-to-54 "middle" middle-agers. The things they like to buy—drain cleaners, salt substitutes, and lipstick, for example—will outstrip the population in their rate of growth.

For ideas on which product categories have the best chance of nurturing new product successes in the '90s, this report is a useful tool.

- *Should changes be considered in the relative amount of space allocated to departments in new stores and remodels?* Obviously, many factors come into play here outside of the scope of this report. But the table forecasting growth of major departments (below) can provide some supplemental input. Departments such as produce, baked goods, meat, dairy and frozens all figure to claim an increasing share of female homemakers' attention. Within dry grocery some old-liners such as cleaners and laundry and household supplies are poised for a renaissance at the expense of baby food and baby HBA. Over in grown-up health

TRACKING THE TRENDBUSTERS

Most of the product categories studied in this report have been used in one form or another for generations. There is a long history of consumers changing their buying habits as they grow older—or up.

But this report contains some relatively new product categories that are used mostly by the young adults traditionally receptive to innovations. Under our methodology we assume that as they age, they'll show less inclination to continue buying these young-adult favorites, even as a succeeding generation begins to buy them.

Make sense? Sure, but we're not completely certain about it, so we're advising you to keep an eye on the following comparatively new categories which just might grow old gracefully with continued use among their present users: artificial sweeteners, dental rinse, video tape rental, hair mousse, frozen hot snacks and salt substitutes. Some less "new" but newly discovered categories would extend the list to bottled water and sunscreens.

FORECAST GROWTH OF MAJOR DEPARTMENTS— 2000 VERSUS 1988

	Average Change In Number of Users	
	Female Homemakers	
	+15.6%	Produce
	+14.5	Oils/Dressings/Condiments
	+14.5	Household Cleaning
	+14.2	Desserts/Baking Ingredients
	+14.0	Laundry Supplies
	+13.5	Household Supplies
	+13.4	Fruits/Vegetables, Canned
	+13.4	Refrigerated Meats
	+13.3	Baked Goods
	+13.2	Dairy
	+13.0	Soaps, Non-Laundry
	+12.9	Pet Products
	+12.8	Frozen Foods
	+12.8	Sauces
	+12.7	Spices/Extracts
	+12.7	Paper/Plastic Products
	+12.6	Packaged Specialty Foods
	+12.1	Family Beverages
+12.1%*	-----	
	+11.9	Snacks
	+11.2	Breakfast Foods
	+1.7	Baby/Children's HBA
	−1.3	Baby Foods
	Adults	
	+11.3	Remedies/Misc. HBA
	+10.7	Oral HBA
	+10.5	General Merchandise
10.4%*	-----	
	+10.0	Wine
	+9.9	Candy
	+9.6	Auto Supplies
	+9.5	Tobacco
	+9.3	First Aid/Skin Care
	+8.2	Soft Drinks
	+4.3	Beer
	Women	
+10.3%*	-----	
	+9.1	Cosmetics
	+8.8	Women's HBA
	+7.2	Hair Care, Women's
	Men	
+10.6%*	-----	
	+10.5	Skin Care/Shaving
	+10.2	Hair Care, Men's

At this time, we *know*, courtesy of the Bureau of Census forecasters, how much the U.S. population will grow between now and the year with that magic number of 2000. This report takes product usage data collected by Mediamark Research Inc. on 364 product categories sold in supermarkets and projects how each category's *user base* will grow between 1988 and 2000. In short, how many more users will be looking for this product in the supermarket in 2000?

While Mediamark does not study all categories in all departments, its category coverage includes all major product categories and is wide enough to afford us an insightful look into how various departments are likely to fare over the decade. (The numbers shown here are a simple average of the percent growth in users projected for the categories in a given department, without weighting for their relative contribution to sales.) As it's an average, most departments naturally have their share of winners that will outperform the growth rate of the base (e.g. female homemakers) as well as their share of laggards.

Female Homemakers: Family beverages is projected to grow at 12.1% between 1988 and 2000, the same rate as the population of female homemakers. Of the other departments, 17 will show above-average growth and four below-average growth. Why? The answer lies in

*Population growth

and beauty aids, health-before-beauty will be an emerging trend as the population ages.

- *How can an understanding of the varying performance projections of product categories within a department help me to sell better?* This is the point when we refer you to the 15 pages of detailed department-by-department tables that follow this introductory section. Each departmental table ranks all the product categories within that department by its projected 1988-to-2000 growth rate in number of users. Further, each product's relative growth is assigned a rating ranging from HOT through COLD.

Those that are HOT will be expanding most in demand, and those that are COLD, least. By the years 1995 and 2000, more and more shoppers will be looking to see what you are offering them in your stores in the sections devoted to the HOT categories and relatively fewer will care what you've done in the COLD sections.

Factor the consequences of these varying growth rates into the myriad decisions that comprise the supermarket business: number of brands carried; number of items within each brand; total shelf space; position in traffic flow; policy on new item authorizations; approved warehouse slots; inclusion in weekly store ad; instore sampling; instore display; and more.

the polar differences in the age constituencies of the winners and the relative users. Dry Grocery Non-Food departments such as household cleaning, laundry supplies and household supplies tower near the top of the list because most of their products are used in tremendous amounts by homemakers in the rapidly burgeoning 35-to-44 and 45-to-54 groups. Conversely, departments near the bottom of the list are comprised of categories whose sales are skewed to younger 18-to-34 homemakers.

Adults: The predisposition to increase the need for and use of over-the-counter remedies as one ages bodes well for the remedies section of HBA in the '90s. With its strong dependence on under-35 adults, beer, however, will need some strong proselytizing among middle-aged adults if beer sales are to barrel along in the '90s.

Women: All three major women's HBA departments will lag behind the 10.3% growth rate projected for adult women by 2000. Heavy users of most of these products appear to divert their money to other uses once they turn 35. Within these departments, however, some blockbuster exceptions such as hair colorings and face creams will outperform their sister categories.

Men: Men appear more likely than women to maintain the same personal care routines as they age. Thus the user base of the men's HBA department should grow smartly in tandem with its population base.

FORECAST FOR SELECTED PRODUCT CATEGORIES —2000 VERSUS 1988 (Growth in Users)

ABOVE AVERAGE	
Homemakers	
Ground coffee	+19.4%
English muffins	+18.5
Drain cleaners	+18.3
Outdoor insecticides	+17.2
Dried fruit	+17.1
Disposable plates	+16.7
Cottage cheese	+16.2
Turkey, frozen	+16.1
Metal polish	+16.1
Canned dog food	+15.7
Salt substitute	+15.4
Adults	
Denture cleaners	+18.8%
Artificial sweeteners	+14.9
Laxatives	+14.9
Vitamins	+13.8
Mouthwash	+13.0
Men	
Hair tonic/dressing	+15.3%
Hair coloring	+15.0
Pipe tobacco	+14.7
Hair sprays	+14.4
Pre-electric shave lotion	+12.3
Women	
Hair coloring	+14.5%
Lipstick/lip gloss	+13.8
Face creams/lotions	+13.3
Deod.-Colognes/ Body sprays	+12.7
Fem. Hygiene Deod. Sprays	+12.7

BELOW AVERAGE	
Homemakers	
Infant formula	−2.4%
Disposable diapers	−1.9
Baby foods	NC
Powdered fruit/ soft drinks	+7.4
Toaster products	+8.7
Pizza mixes	+9.1
Charcoal	+9.1
Cotton swabs	+9.2
Meat snacks	+9.5
Table syrup/molasses	+9.5
Canned pasta	+9.6
Adults	
Toothbrushes	+9.5%
Nuts, snack	+9.6
Motor oil additives	+9.9
Diet soft drinks	+9.9
Adhesive bandages	+10.3
Men	
Hair conditioners	+5.5%
Shampoo	+6.3
Deodorants/ anti-perspirants	+9.0
Facial cleansers	+9.0
Hair conditioning treatment	+9.4
Women	
Tampons	+3.8%
Shampoo	+4.2
Blusher	+6.5
Eye shadow	+6.7
Nail polish	+7.5

Source: Supermarket Business.

Homemakers: While 12.1% more female homemakers will be shopping in the nation's supermarkets in the year 2000, many categories will see their probable number of users grow at an even faster rate. The characteristic shared by these winners is a strong allegiance among those 35-to-54.

Adults: An aging population assures an outsized success for categories such as artificial sweeteners.

Men: With more older if not always grayer male heads in need of care by 2000, things look good for the products most often applied to them, including coloring.

Women: HBA departments can expect plenty of play from aging adult women who favor hair coloring, lipstick and face creams to keep their best face forward. Product categories that depend on their appeal to that shrinking base of *younger* adult women, however, will find the road rough in the '90s.

SOME DEFINITIONS

Product User: To qualify as a user of a particular product category, a person must have used a product in that category within the relevant time period as defined by the Mediamark questionnaire. The qualifying period may be as small as the most recent seven days for a high-frequency product, or as much as six months or a year for low-frequency products.

Heavy User: Users of a product category are arrayed into heavy, medium and light users, according to the frequency with which they used the product in the relevant period. While heavy users account for a minority of all users, they usually account for a strong majority of product "tonnage." Because of their more skewed demographic profiles, they provide valuable insight into target marketing.

Base Group: Those identified by Mediamark together with the marketers and advertisers who uses its statistics, as the primary users of a particular product category. Four base groups are shown.

Adults: Those age 18 and over where both men and women purchase the product for personal use (e.g., toothpaste).

Men/Women: Again, those age 18 and over, but where products (primarily health and beauty aids) are used by one sex.

Female Homemakers: The homemaker is the person designated as the one who does most of the shopping for groceries and household items. Products purchased for the household are based on female homemakers. (Mediamark also publishes data on usage by male homemakers.)

Reading Your Future Sales (Without Tea Leaves)

Reading this report, and then applying its conclusions to your own operation, can help you keep unwanted shock out of your future. Lots of numbers? Yes, but then your store has lots of product categories whose relative sales weight will experience some significant changes during the next decade.

The example shown here illustrates how easy it is to learn whether a particular product category will show a growth in the number of users between 1988 and 2000 that is (a) greater than population growth, (b) smaller than population growth, or (c) more or less in line with population growth.

As shown in the tables earlier in the report, some age brackets will show unprecedented growth over the next 10 years (e.g., 45-to-54), thereby ballooning sales of product categories frequently bought and used by these groups. On the flip side, other age brackets will actually show a decline in membership (e.g., 18-to-24), sounding an alarm for their prospects in the marketplace.

The excerpt shown here from the Paper/Plastic Products section of this report illustrates the contrasting fates of several categories in this product class, as well as the known user patterns in which these projections are empirically rooted.

A system of color-coded ratings is also explained.

(A) The product classes have been grouped into classes roughly equivalent to standard supermarket departments. Appropriate to usage patterns, the base group surveyed by Mediamark Research Inc. is female homemakers, men, women or adults.

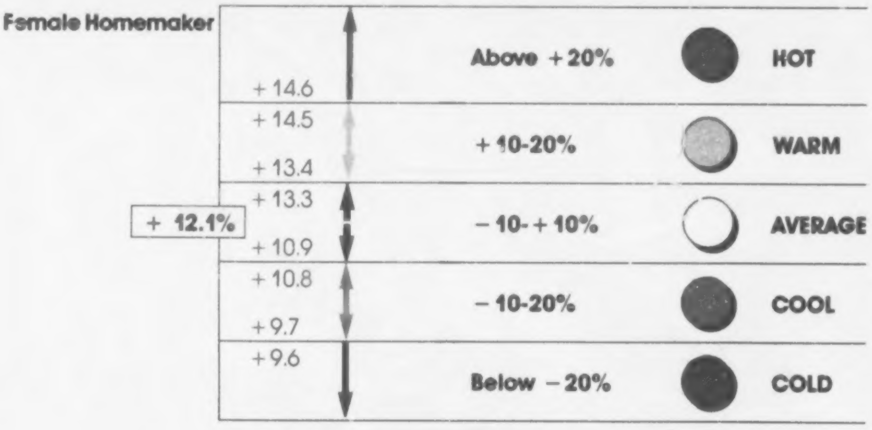
(B) Unless otherwise indicated, the percent of the base group who qualify as users is shown. For product categories in this report the relevant period may range from as little as the most recent seven days for a high-frequency product, to as much as six months or a year for low-frequency products. (HU) next to the category name denotes heavy users. Heavy users are studied here for two reasons: (1) they typically account for 80% or more of tonnage, so they are critical to any category's prospects, and (2) they eliminate the lack of demographic discrimination found in categories that are universally used by every demographic group, e.g., toilet paper.

(C) The proportion of users found in each age group is contrasted with the overall base group (B). Looking at disposable diapers, 31.3% of female homemakers 18-to-24 are users (a percentage 160% higher than the 12.0% figure for all female homemakers). Conversely, only 5.2% of those 45-to-54 are users, placing their rate 57% *below* the all-homemaker average. So, quite simply, a "+" means that age group is above average in use of the category and a "–" means it's below average. (For a category like diapers, the implications of scoring well among an age group that will drop in number, and scoring poorly with a group that will explode in numbers are obvious.)

(D) Mediamark calculates the number of users—by age—for each category at the present time. By applying Census projections to these data we can estimate how many users there will be by age (and, more importantly, in total) for the years 1995 and 2000. This assumes, of course, that tastes and preferences indigenous to a certain age group will *continue to* define that age bracket at a future time, an assumption discussed more fully elsewhere.

PAPER/PLASTIC PRODUCTS (BASE = FEMALE HOMEMAKERS) (A)	PERCENT WHO USE 1988 (B)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE (C)						GROWTH IN USERS (VS. 1988, IN PCT.) (D)	
		18-24	25-34	35-44	45-54	55-64	65+	1995	2000
Waxed Paper (HU)*	5.1	–52	–39	+ 2	+35	+22	–32	+10.7	+18.1
Paper Napkins (HU)	7.9	–46	–33	+29	+27	+12	+10	+11.0	+17.8
Disposable Plates (HU)	7.3	–5	–15	+27	+37	+20	–29	+10.3	+16.7
Line (HU)	4	– 3	6	+ 2	7	3		+ 7.6	+12.2
Toilet Paper (HU)	33.9	– 1	+13	+27	+ 4	– 8	–45	+ 7.7	+11.9
Pre-Moistened Cleansing Wipes (HU)	16.2	+68	+78	–18	–36	–40	–61	+ 2.2	+ 2.6
Disposable Diapers	12.0	+160	+95	–34	–57	–63	–77	– 0.8	– 1.9

TAKING THE TEMPERATURE OF GROWTH IN USERS—1988-2000



The Census Bureau has firm projections on how many adults there will be in the year 2000. After all, they've already been born. So it's easy to divine the growth rate in the constituencies for the various classes of products sold in supermarkets: female homemakers, men, women and adults.

But in line with shifting age distributions within each of these groups, *product users* will grow at differing rates for different product categories. The calculations in this report have factored in these changes to show each category's projected growth rate between 1988 and 2000.

What's needed to put this in perspective in a qualitative framework? Which growth rate is good? And which not so good? Our simple scorecard places every growth score in one of five evaluations: HOT – WARM – AVERAGE – COOL – COLD.

In the chart for female homemakers (shown here), basic demographic projections assure us that their number will grow by 12.1% between 1988 and 2000. So it makes sense to concede that any category that can claim its base of users will show a similar rate of growth—plus or minus 10%—is holding its own. (As +10.9% is 10% *below* the 12.1% average, and +13.3% is 10% *above* the 10% average, any category with a projected gain in users between +10.9% and +13.3% has earned a score of AVERAGE.)

Increments of 10% also define the higher and lower scores, with those 10 to 20% above or below the average qualifying as WARM or COOL, respectively, and those beyond the 20% barrier earning the extreme HOT and COLD grades.

Adults, men and women are subjected to the same methodology.

NOTE: Although the temperature ratings are based on 1988 to 2000 data, they are equally valid for those focusing on the years 1988 to 1995.

Ranges for Rating of Projected Growth in Users (1988-2000)

	Total Adults	Men	Women	Female Homemakers
HOT	+12.5% or more	+12.8% or more	+12.5% or more	+14.6% or more
WARM	+11.5%-+12.4%	+11.7%-+12.7%	+11.4%-+12.4%	+13.4%-+14.5
AVERAGE	+9.4%-+11.4%	+9.6%-+11.6%	+9.3%-+11.3%	+10.9%-+13.3%
COOL	+8.3%-+9.3%	+8.5%-+9.5%	+8.2%-+9.2%	+9.7%-+10.8%
COLD	+8.2% or less	+8.4% or less	+8.1% or less	+9.6% or less

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WHAT'S HOT, WHAT'S NOT

DRY GROCERY (FOOD)

BABY FOODS (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Baby Foods	6.6	+144	+81	−41	−43	−37	−73	−0.2	—	●
Infant Cereals	5.5	+170	+78	−45	−45	−35	−78	−0.7	−1.6	●
Prepared Infant Formula	5.1	+211	+82	−46	−59	−53	−77	−1.7	−2.4	●

1988-2000
Avg. Category Growth: −1.3%
Base Group Growth: +12.1%
Baby foods seem destined to be confined to a smaller playpen in many dry grocery departments as the number of their users actually contracts between now and 2000. The number of female homemakers in the 18-to-24 peak usage group will decline by 8.4% during the '90s.

BAKED GOODS (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
English Muffins (HU)*	4.5	−13	−39	+17	+49	+ 9	− 3	+11.0	+18.5	●
Stuffing Mixes/Products (HU)	7.9	−18	−19	+19	+23	+ 4	− 7	+ 9.5	+15.5	●
Kaiser Rolls	6.8	− 6	− 2	+10	+37	− 7	−30	+ 9.1	+14.7	●
Sweet Rolls/Pastries, Ready-to-eat (HU)	21.2	−24	− 7	+15	+16	+12	−17	+ 8.7	+14.3	◍
Bread (HU)	17.5	− 8	− 6	+19	+14	+ 4	−23	+ 8.5	+13.9	◍
Crackers (HU)	30.5	−22	− 4	+ 6	+17	+ 8	−10	+ 8.5	+13.9	◍
Cookies, Ready-to-eat (HU)	21.5	−35	—	+32	+ 4	+12	−31	+ 8.6	+13.5	◍
Bread Crumbs/Coating Mixes (HU)	4.6	+20	−36	−19	−10	+52	+26	+ 6.8	+13.1	○
Dinner Rolls	17.0	−31	+ 7	+23	+ 8	+ 4	−29	+ 8.3	+13.1	○
Croutons	20.6	− 6	+ 3	+19	+11	− 9	−24	+ 8.3	+13.1	○
Snack Cakes (HU)	13.5	−13	+13	+43	+10	−23	−49	+ 8.7	+12.9	○
Bagels	17.6	+11	+15	+28	+19	−22	−54	+ 8.1	+12.5	○
Croissants/Crescent Rolls	11.1	−21	+ 9	+11	+ 2	− 2	−34	+ 7.7	+12.2	○
Hot Dog Rolls	42.3	− 5	+15	+27	+ 3	−13	−39	+ 7.8	+11.8	○
Biscuits	7.3	+26	− 4	+14	− 8	+ 2	−19	+ 7.0	+11.7	○
Hamburger Rolls	48.4	−12	+14	+18	+13	−10	−34	+ 7.2	+11.7	○
Garlic Bread	12.0	+29	+26	+ 9	+ 9	−31	−41	+ 6.9	+10.4	●

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: +13.3%
Base Group Growth: +12.1%
Of the 17 product categories shown for the baked goods sector, seven are projected to show a growth in users that's above the average range, and only one lags under average.

English muffins, a category that's been showing growth in number of items offered and in share of shelf space in many baked goods departments, heads the list as the number of heavy user homemakers grows 18.5% by 2000. Heavy user incidence among those 45 to 54 is virtually double that of under 35s.

Such packaged goods as stuffing mixes, crackers, breadcrumbs and coating mixes should continue to perform well in the '90s given their favorable demographic profiles. There's also good news here for instore bakeries, as sweet pastries, cookies and kaiser rolls show above-average growth potential, backed up by near-average growth for such instore staples as dinner rolls, bagels and croissants.

With its strong constituency among those between 18 and 34, a group whose membership will contract, garlic bread will show a comparatively cool 10.4% growth in users by 2000.

BEER (BASE = ADULTS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Beer, Domestic, Regular (HU)*	12.8	+42	+21	− 2	−16	−20	−41	+3.0	+6.2	●
Beer, Domestic, Low Calorie	16.6	+41	+36	+ 7	− 7	−42	−64	+3.2	+5.8	●
Ale	3.6	+46	+33	− 1	−31	−33	−42	+2.2	+4.4	●
Beer, Low Alcohol	1.2	− 3	+48	−16	−49	−15	—	+2.2	+3.6	●

1988-2000
Avg. Category Growth: +4.3%
Base Group Growth: +10.4%
Among the product classes whose base group is adults, beer shows the poorest prospects for growth between now and 2000, with all six product categories meriting a rating of cold.

GROWTH IN USERS, 1988-2000

● HOT ◍ WARM ○ AVERAGE ● COOL ● COLD

Continued on page 44

Source: Mediamark Research, Inc.

WHAT'S HOT, WHAT'S NOT

BEER

(BASE = ADULTS)

	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Beer, Imported	14.4	+65	+43	− 5	−25	−43	−68	+1.4	+3.3	●
Malt Liquor	2.3	+65	+50	− 3	−35	−47	−70	+0.9	+2.3	●

*(HU) = Heavy Users

Popular among those between the ages of 18 and 34, beer drinking then declines precipitously. This is true for "diet"-type beers as well as for other varieties and for ale and malt liquor. Only a major change in America's beer drinking habits can brighten forecast.

BREAKFAST FOODS

(BASE = FEMALE HOMEMAKERS)

	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Jams, Jellies (HU)*	11.0	−52	—	− 4	+16	+11	+ 8	+8.7	+14.0	◍
Honey	32.5	−25	+ 3	− 4	+ 4	+ 9	+ 3	+7.7	+12.5	○
Pancake, Waffle Mix	44.9	+ 1	+ 8	+ 9	+ 6	− 8	−21	+7.6	+12.0	○
Peanut Butter (HU)	7.1	+11	+12	+19	+ 9	−15	−38	+7.6	+11.9	○
Cold Breakfast Cereals (HU)	22.6	−32	+18	+30	− 6	− 6	−31	+7.8	+11.7	○
Hot Breakfast Cereals (HU)	11.0	−35	− 2	−22	−24	+35	+36	+6.4	+11.0	○
Breakfast/Snack/Nutritional Bars	21.6	+ 9	+41	+22	− 1	−30	−59	+7.1	+9.9	●
Table Syrup/Molasses (HU)	4.8	−26	+31	+ 5	−16	− 2	−20	+6.3	+9.5	●
Toaster Products (HU)	6.3	+38	+37	+32	−13	−47	−59	+6.3	+8.7	●

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: + 11.2%
Base Group Growth: + 12.1%

Overall, the product categories that comprise breakfast foods are projected to show lackluster gains between now and the year 2000 compared to other dry grocery department sections. (Only candy and the two baby product categories average under 11.2%.)

The best performer promises to be jams and jellies, whose popularity peaks among the fast-growing 45-to-54 group, 11.0% of whom are heavy users (two jars or more in the last 30 days).

The relatively new breakfast bars and toaster products categories have found relatively little favor among those over 45.

CANDY

(BASE = ADULTS)

	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Cough Drops (HU)*	10.8	−27	−13	−10	+12	+17	+34	+6.8	+12.2	◍
Candy, Prepackaged, Loose (HU)	4.7	− 9	—	− 2	+25	− 8	− 2	+6.6	+11.6	◍
Hard Roll Candy (HU)	2.7	+ 1	− 2	+ 9	+23	−15	−15	+6.5	+11.5	◍
Boxed Chocolates	17.4	−13	− 5	− 4	+ 4	+ 5	+17	+6.1	+10.8	○
Candy, Pkg. of Miniature (HU)	6.6	+10	− 2	− 8	+ 3	+ 8	− 7	+5.0	+ 9.7	○
Mints (HU)	8.2	—	+ 7	− 6	− 6	+ 2	—	+4.9	+ 9.0	●
Candy, Individual, Big Block/ Thick Bar	12.9	+ 3	+13	+20	−13	− 7	−30	+4.9	+ 8.6	●
Chewing Gum (HU)	30.5	+34	+ 9	+10	− 2	−18	−43	+4.3	+ 8.2	●
Candy, Individual, Regular-Size (HU)	16.1	+19	+12	+ 8	−16	−14	−21	+4.3	+ 7.8	●

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: + 9.9%
Base Group Growth: + 10.4%

"Grown-up" candy will have its day (or its decade) in the 1990s as the population grows older. Cough drops are favorites of those over 45 and their usage among the over-65 segment suggests an ongoing surge for this category. Both prepackaged, loose candy of the sort often found in produce departments and hard roll candy benefit from their popularity among fast-growing 45-to-54s.

Chewing gum usage peaks among younger 18-to-24 adults, with progressively few sticking to the habit as they grow older. Individual bar sales are similarly affected, suggesting some reevaluation of product setups at checkouts.

DESSERTS/BAKING INGREDIENTS

(BASE = FEMALE HOMEMAKERS)

	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Nuts for Cooking (HU)*	3.9	−50	−34	+ 6	+42	+54	−12	+10.1	+17.8	●
Evaporated Milk (HU)	8.3	−43	−38	+ 5	+15	+33	+30	+ 9.8	+16.6	●
Dry Cake Mixes (HU)	10.1	−38	−19	+28	+20	+ 8	− 8	+10.0	+16.0	●

1988-2000
Avg. Category Growth: + 14.2%
Base Group Growth: + 12.1%

A strong majority of the categories shown here are forecast to achieve above-average growth in their user base over the next decade. This means that store planners should allow plenty of space for stocking all the brands and varieties shoppers expect.

GROWTH IN USERS, 1988-2000

● HOT
◍ WARM
○ AVERAGE
● COOL
● COLD

Continued on page 46

Source: Mediamark Research, Inc.

WHAT'S HOT, WHAT'S NOT

DESSERTS/BAKING INGREDIENTS (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE	USE BY AGE (VS. AVERAGE) BY PERCENTAGE						GROWTH IN USERS (VS. 1988, IN PCT.)		
	(1988)	18-24	25-34	35-44	45-54	55-64	65+	1995	2000	
Whipped Topping (HU)	6.7	−44	−32	+17	+ 6	+22	+26	+ 9.8	+16.0	●
Gelatin/Gelatin Desserts (HU)	16.1	−51	−30	− 1	+10	+39	+28	+ 9.2	+15.7	●
Flour (HU)	16.7	−32	−13	− 8	+29	+29	− 4	+ 8.7	+15.0	●
Baking Coconut	27.3	−47	−15	− 1	+19	+25	+10	+ 8.9	+15.0	●
Artificial Sweeteners (HU)**	7.8	−54	−20	+19	+26	+21	+23	+ 8.9	+14.9	●
Baking Mixes (HU)	8.2	−21	−11	+13	+18	− 7	+ 3	+ 9.3	+14.7	●
Baking Chips (HU)	6.3	− 4	− 9	+33	+15	−12	−24	+ 9.3	+14.4	◉
Puddings/Pie Fillings (HU)	14.4	−39	−13	− 5	+13	+25	+12	+ 8.6	+14.4	◉
Bar Baking Chocolate	18.4	−31	− 9	− 6	+17	+16	+ 8	+ 8.5	+14.2	◉
Yeast (HU)	3.9	−28	−17	−14	+11	+25	+24	+ 8.3	+14.2	◉
Sugar (HU)	26.7	−26	− 4	+12	+ 1	+15	− 6	+ 8.1	+13.2	○
Packaged Pie Crusts (HU)	4.5	−32	− 5	− 9	+ 5	+27	+ 7	+ 7.7	+13.0	○
Shortening (HU)	9.4	+44	−10	+16	+ 3	− 2	−26	+ 7.4	+12.4	○
Frostings (HU)	7.8	+ 5	− 1	+38	−11	−12	−24	+ 8.0	+12.2	○
Brownie/Cookie Mixes (HU)	4.5	+24	+ 1	+37	−21	−20	+ 7	+ 7.3	+11.0	○
Pizza Mixes	10.9	+80	+18	+22	− 9	−34	−55	+ 5.9	+ 9.1	●

*(HU) = Heavy Users **Base = Adults

Most of these categories get relatively little attention from younger, under-35, homemakers, but are favorites of those from 45-to-64, dropping off again after 65. This is a fitting description for nuts for cooking, leading the list with a projected 17.8% growth rate between now and the year 2000.

Several of the products here are considered to be staples by many seniors, a fact that should augur well for future sales of evaporated milk, whipped topping and gelatin desserts.

Artificial sweeteners soar in use by those who have passed their 35th birthday, which will continue to define a larger proportion of the population every year.

The other side of the coin is represented by pizza mixes, used most devotedly by very young adults, a group that will shrink in number to the probable detriment of sales.

FAMILY BEVERAGES (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE	USE BY AGE (VS. AVERAGE) BY PERCENTAGE						GROWTH IN USERS (VS. 1988, IN PCT.)		
	(1988)	18-24	25-34	35-44	45-54	55-64	65+	1995	2000	
Ground Coffee (HU)*	12.0	−35	−37	+ 6	+68	+37	−22	+11.0	+19.4	●
Coffee, Instant or Freeze-Dried (HU)	8.5	−14	−34	− 5	+17	+15	+33	+9.3	+15.8	●
Whole Coffee Beans	9.4	−40	+ 9	+22	+36	− 5	−40	+9.4	+14.8	●
Tea, Instant (HU)	21.5	−10	−22	—	+12	+10	+17	+8.7	+14.6	●
Iced Tea Mix, Instant (HU)	11.6	−21	− 3	+15	+22	+ 5	−23	+8.8	+14.2	◉
Cream Substitute, Non-Dairy (HU)	5.2	−43	−12	+30	− 6	+ 3	+ 7	+9.2	+14.2	◉
Tea, Regular (HU)	14.4	− 2	+ 2	+ 9	+21	− 2	−28	+ 8.2	+13.3	○
Cocoa Powder	35.9	−11	− 2	+ 5	+ 8	+14	−15	+7.8	+12.9	○
Dry Milk	13.0	−33	− 2	−15	− 1	+21	+21	+7.5	+12.5	○
Coffee, Instant, International Flavored	10.2	−19	+28	+14	+ 9	−24	−32	+7.7	+11.4	○
Drink Additives (HU)	7.0	+10	+18	+39	− 6	−17	−54	+7.4	+11.0	○
Powdered Fruit/ Soft Drinks (HU)	9.6	+29	+45	+21	−21	−17	−69	+5.0	+7.4	●

1988-2000
Avg. Category Growth: + 12.1%
Base Group Growth: + 12.1%
Of the 14 categories shown here, twice as many are projected to grow at an above-average rate as a below-average rate.

Coffee in three forms—ground, instant and whole beans—heads the growth list. All show heavy usage among those aged 45-to-54, a group that will swell in numbers by 55.1% over the decade. Instant coffee is also brewed regularly by seniors attracted both by its easy preparation and the availability of tasty decaffeinated versions. The relatively new varieties of international-flavored instant coffee have found greatest use among those 25-to-44, but that base could broaden in the future.

The three kinds of tea all show a future growth rate that suggests they will continue to earn generous shelf space.

GROWTH IN USERS, 1988-2000

●	◉	○	●	●
HOT	WARM	AVERAGE	COOL	COLD

Continued on page 48

Source: Mediamark Research, Inc.

WHAT'S HOT, WHAT'S NOT

FAMILY BEVERAGES (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Energy Drinks**	11.1	+64	+26	+ 2	−33	−41	−45	+2.0	+4.2	●
Mixed Drinks, Prepared, Without Liquor**	4.0	+57	+42	− 5	−34	−34	−58	+1.3	+3.1	●

*(HU) = Heavy Users **Base = Adults

Two favorites among those under 35—powdered drinks and energy drinks—will suffer some comparative erosion in their rates of sale as younger homemakers shrink in numbers.

FRUITS/JUICES/ VEGETABLES,CANNED (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Grapefruit Juice	22.7	−24	−19	+ 5	+39	+ 5	− 3	+9.9	+16.4	●
Tomato/Vegetable Juices, Canned	34.7	−30	−18	+ 7	+32	+13	− 3	+9.6	+16.0	●
Fruit, Canned/Jarred (HU)*	14.4	−30	−21	− 2	+ 3	+23	+26	+8.5	+14.3	◍
Beans With Sauce, Canned (HU)	16.5	−35	− 7	+ 6	+13	+ 9	+ 4	+8.8	+14.2	◍
Tomatoes, Canned (HU)	18.6	−13	—	+15	+ 8	+10	−24	+7.9	+13.0	○
Vegetables, Canned/Jarred (HU)	17.7	− 6	+ 9	+21	+ 4	+ 7	−41	+7.5	+12.1	○
Mushrooms, Canned/Jarred (HU)	8.9	− 7	+ 8	+11	+ 3	− 6	−16	+7.7	+12.1	○
Fruit Juices & Drinks, Misc. (HU)	15.5	+ 9	+40	+29	−15	−35	−52	+6.4	+ 8.8	●

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: +13.4%
Base Group Growth: +12.1%

Fresh is fine, but many adult female homemakers still want to keep a supply of handy canned goods in their larders. Leading the list are two categories for which little, if any, fresh competition is available—grapefruit juice and tomato and vegetable juices. Both are favored by adults 45-to-54 and both rate as hot in the forecast for growth in users.

The category with the most mature profile here is canned and jarred fruit, used heavily by those 55 and over, and well positioned for ongoing growth to the year 2000 and beyond.

OILS/DRESSINGS/ CONDIMENTS (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Mustard (HU)*	9.2	−14	− 7	+32	+39	+ 2	−51	+9.7	+15.7	●
Pickles (HU)	9.2	+ 6	− 7	+19	+37	−10	−35	+9.3	+15.1	●
Mayonnaise/Mayo Type Salad Dressing (HU)	10.7	−34	—	+32	+25	− 4	−35	+9.5	+14.9	●
Salad/Cooking Oil (HU)	19.4	−28	−11	+31	+13	+10	−23	+9.2	+14.7	●
Salad Dressing (HU)	27.6	−15	− 7	+35	+15	+ 2	−34	+9.1	+14.4	◍
Pickle Relish	36.1	−35	—	+14	+12	+ 8	−14	+8.6	+13.7	◍
Ketchup (HU)	9.1	− 5	+13	+43	+14	−33	−47	+8.9	+13.1	○

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: +14.5%
Base Group Growth: +12.1%

The categories in this group sport the highest projected growth rate among female homemakers in the dry grocery department. Here we find some of the most frequently couponed and merchandised products, including mayonnaise, and here we can expect the traditional dynamics of supermarket merchandising to continue to flourish. To many, the word merchandising suggests the word mayonnaise, a proved customer draw when on special.

PACKAGED SPECIALTY FOODS (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Hash, Canned	13.4	−16	−19	+ 5	+26	+20	− 7	+9.0	+15.4	●
Deviled Ham & Other Meat Products	18.7	+ 2	−23	+10	+20	− 2	+ 6	+9.3	+15.2	●
Dry Soup/Bouillon Cubes (HU)*	15.7	−19	−16	+ 3	+18	+14	+ 3	+8.8	+14.7	●
Chicken, Canned	9.3	−27	−11	−16	+23	+ 1	+26	+8.8	+14.5	◍
Olives (HU)	6.7	+ 2	− 3	+23	+27	− 8	−38	+8.9	+14.3	◍
Chili, Canned (HU)	6.0	+26	− 4	+26	+14	−12	−39	+8.2	+13.3	○

1988-2000
Avg. Category Growth: +12.6%
Base Group Growth: +12.1%

Many of the product categories shown here have been sold by supermarkets as long as there have been supermarkets. What's more, most are expected to grow in their number of users as an average or above-average rate straight into the 21st century. The reason is simply because they draw a disproportionate share of their users from those 35-to-54, and that's where our strongest expansion in households will be.

GROWTH IN USERS, 1988-2000

●	◍	○	●	●
HOT	WARM	AVERAGE	COOL	COLD

Continued on page 50

Source: Mediamark Research, Inc.

WHAT'S HOT, WHAT'S NOT

PACKAGED SPECIALTY FOODS	PERCENT WHO USE	USE BY AGE (VS. AVERAGE) BY PERCENTAGE						GROWTH IN USERS (VS. 1988, IN PCT.)		
(BASE = FEMALE HOMEMAKERS)	(1988)	18-24	25-34	35-44	45-54	55-64	65+	1995	2000	
Tuna, Canned (HU)	21.1	-4	+3	+21	+15	+9	-44	+8.0	+13.2	○
Pasta, Packaged (HU)	25.8	-8	+12	+21	+16	+4	-50	+7.8	+12.6	○
Mexican Foods (HU)	9.2	+29	+17	+35	+20	-39	-61	+8.2	+12.3	○
Potatoes, Instant (HU)	5.0	-4	+5	+26	-9	-39	+4	+8.4	+12.1	○
Soup, Canned/Jarred (HU)	43.8	—	+9	+4	+2	+3	-20	+7.1	+11.6	○
Rice (HU)	12.1	+33	-2	+12	-3	-3	-22	+7.0	+11.6	○
Rice, Flavored, Seasoned (HU)	10.0	+25	+30	+14	+3	-14	-60	+6.3	+9.8	●
Stews, Canned	17.0	+20	+8	+4	-6	+2	-22	+6.5	+10.8	●
Prepared Dishes/Dinner Mixes, Packaged (HU)	15.3	+37	+23	+33	-9	-38	-49	+6.8	+9.9	●
Pasta, Canned/Jarred (HU)	5.7	+71	+14	+44	-17	-37	-61	+6.5	+9.6	●

*(HU) = Heavy Users

Canned tuna's growth, at 13.2%, will be in the upper range of our average classification. In raw population numbers, that translates to an increase of more than two million heavy users (four or more cans in the last 30 days) of canned tuna by the year 2000. A quick projection shows that supers will be selling at least 100 million more cans of tuna in 2000 than today.

Categories like dinner mixes and canned pastas draw disproportionately on younger adults for their sales and will see their sales rate relatively repressed as a result.

SAUCES	PERCENT WHO USE	USE BY AGE (VS. AVERAGE) BY PERCENTAGE						GROWTH IN USERS (VS. 1988, IN PCT.)		
(BASE = FEMALE HOMEMAKERS)	(1988)	18-24	25-34	35-44	45-54	55-64	65+	1995	2000	
Gravy/Sauce Mixes (HU)*	7.5	-18	+11	+33	+30	-35	-38	+9.6	+14.3	◍
Spaghetti Sauce (HU)	11.7	+16	+7	+20	+31	-28	-42	+8.7	+13.6	◍
Soy Sauce	42.3	-7	+9	+11	+7	-8	-20	+7.8	+12.2	○
BBQ/Seasoning Sauces, Bottled (HU)	19.0	+8	+27	+28	+9	-18	-64	+7.3	+11.0	○

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: + 12.8%
Base Group Growth: + 12.1%
It's busy, middle-aged female homemakers with above-average-sized households who keep the sauces section of the supermarket humming. Usage declines precipitously after age 55. Sporting the youngest profile of the categories shown here, barbeque sauces are the most at risk from changing demographic trends.

SNACKS	PERCENT WHO USE	USE BY AGE (VS. AVERAGE) BY PERCENTAGE						GROWTH IN USERS (VS. 1988, IN PCT.)		
(BASE = FEMALE HOMEMAKERS)	(1988)	18-24	25-34	35-44	45-54	55-64	65+	1995	2000	
Pretzels (HU)*	4.3	+5	—	+36	+40	-24	-56	+9.7	+15.1	●
Popping Corn/Popcorn Snacks (HU)	19.5	-20	+11	+26	+29	-10	-47	+8.9	+13.9	◍
Corn/Tortilla Chips & Cheese Snacks (HU)	10.0	+21	+16	+48	+15	-49	-58	+8.7	+12.6	○
Potato Chips (HU)	20.1	+10	+29	+29	+7	-33	-56	+7.5	+10.9	○
Nuts, Snack (HU)**	11.0	-3	+5	+3	-1	+11	-16	+5.2	+9.6	○
Meat Snacks (HU)	4.8	+54	+23	+23	-7	-38	-48	+6.4	+9.5	●

*(HU) = Heavy Users **Base = Adults

1988-2000
Avg. Category Growth: + 11.9%
Base Group Growth: + 12.1%
With the successful marketing of its many microwave varieties, popcorn has evolved from old standby to a hot new category that's advertised and displayed with enthusiasm. Already favored by the projected swelling in numbers of those between 35-and-54, the rage for popcorn should see its number of heavy users growing at an even greater rate than the 13.9% shown here. Forecasts for most snacks are restrained by their dependence on younger-adult snackers.

SOFT DRINKS	PERCENT WHO USE	USE BY AGE (VS. AVERAGE) BY PERCENTAGE						GROWTH IN USERS (VS. 1988, IN PCT.)		
(BASE = ADULTS)	(1988)	18-24	25-34	35-44	45-54	55-64	65+	1995	2000	
Cola Drinks, Diet (HU)*	18.4	-10	+1	+20	+18	-1	-29	+6.6	+11.5	◍
Soft Drinks, Diet (Not Cola) (HU)	7.2	-11	+6	-17	+5	+11	+9	+5.3	+9.9	○
Water, Bottled	15.9	+17	+23	+2	-3	-24	-33	+4.3	+7.6	●

1988-2000
Avg. Category Growth: + 8.2%
Base Group Growth: + 10.4%
Looking for successes over the next decade in the soft drinks department will be simple: Just look for the word "diet." Both diet colas and other diet soft drinks lead the list, as weight-conscious over-45s lead the way.

GROWTH IN USERS, 1988-2000

●	◍	○	●	●
HOT	WARM	AVERAGE	COOL	COLD

Continued on page 52

Source: Mediamark Research, Inc.

WHAT'S HOT, WHAT'S NOT

SOFT DRINKS (BASE = ADULTS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE						GROWTH IN USERS (VS. 1988, IN PCT.)		
		18-24	25-34	35-44	45-54	55-64	65+	1995	2000	
Soft Drinks, Regular (Not Cola) (HU)	12.5	+23	+17	−15	−13	−10	−12	+3.6	+7.0	●
Cola Drinks, Regular, Not Diet (HU)	17.1	+54	+31	+ 1	−18	−39	−54	+2.5	+5.0	●

*(HU) = Heavy Users

Sugared versions of these soft drinks will see their growth restrained, however, with their prime 18-to-34 constituency shrinking in numbers.

SPICES/EXTRACTS/MISC. (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE						GROWTH IN USERS (VS. 1988, IN PCT.)		
		18-24	25-34	35-44	45-54	55-64	65+	1995	2000	
Salt Substitute (HU)*	4.0	− 2	−23	− 5	+31	+26	− 8	+8.7	+15.4	●
Non-Stick Cooking Products, Aerosol	37.8	−30	−12	+10	+ 8	+14	+ 3	+8.7	+14.2	◍
Extracts	42.7	−23	− 7	+10	+11	+16	−10	+8.4	+13.8	◍
Salt (HU)	10.2	+ 5	+ 8	− 1	+16	− 3	−22	+7.6	+12.4	○
Seasonings/Spices (HU)	12.0	− 9	+23	+33	+ 4	−14	−55	+7.6	+11.4	○
Meat/Fish Extenders	26.0	+58	+26	+ 5	− 1	−33	−44	+5.9	+9.2	●

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: +12.7%
Base Group Growth: +12.1%

The hot rating awarded to salt substitutes, with a projected growth rate of 15.4%, is based on the great swelling in the number of its primary users aged 45-to-54. But consideration of such non-demographic factors as growing concern for healthy eating habits could lead to a growth rate that's considerably higher. Youth-oriented meat and fish extenders, however, will show relatively slow growth as their base erodes.

WINE (BASE = ADULTS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE						GROWTH IN USERS (VS. 1988, IN PCT.)		
		18-24	25-34	35-44	45-54	55-64	65+	1995	2000	
Vermouth	3.1	−38	−42	−19	+73	+37	+34	+9.5	+17.6	●
Port/Sherry/Dessert Wines	4.6	−23	−23	− 3	+11	+15	+39	+7.2	+12.9	●
Domestic Dinner/Table Wines	26.9	−16	+ 4	+ 9	+19	+ 1	−18	+6.5	+11.4	○
Imported Dinner/Table Wines	11.7	−18	+28	+29	− 6	−12	−45	+5.4	+ 8.7	●
Champagne/Cold Duck/ Sparkling Wine	14.0	− 1	+33	+ 4	− 7	−14	−37	+4.2	+7.3	●
Sangria/Party/Pop Wines	2.2	+21	+36	+16	− 4	−31	−66	+3.9	+6.8	●
Wine & Spirits Coolers	21.7	+54	+31	+14	−23	−46	−61	+2.6	+5.0	●

1988-2000
Avg. Category Growth: +10.0%
Base Group Growth: +10.4%

With a properly modulated mix, wine departments of supers can expect to thrive over the next decade. Mature sippers will help to swell sales of both vermouth and dessert-type wines enough to earn both a rating of hot growth. Domestic table wines are not far behind.

To the degree its demographic profile qualifies it to be called "kid stuff," sangria/party/pop wines will flow with restraint.

DRY GROCERY (NON-FOODS)

HOUSEHOLD CLEANERS (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE						GROWTH IN USERS (VS. 1988, IN PCT.)		
		18-24	25-34	35-44	45-54	55-64	65+	1995	2000	
Drain Cleaners (HU)*	3.3	−34	−24	+20	+59	+ 8	−25	+11.0	+18.3	●
Scouring Pads (HU)	12.5	−34	−15	+12	+42	+12	−19	+10.0	+16.5	●
Metal Polish	23.5	−51	−26	—	+21	+30	+21	+ 9.6	+16.1	●
Furniture Polish (HU)	21.2	−16	− 3	+21	+32	− 3	−33	+ 9.3	+14.9	●
In-Bowl Toilet Bowl Cleaners (HU)	11.4	−14	−14	+11	+18	+ 7	− 6	+ 8.9	+14.7	●
Scouring Powder (HU)	10.9	−28	− 4	+10	+25	− 1	−11	+ 9.1	+14.6	●
In-Tank Toilet Bowl Cleaners (HU)	9.0	−26	− 5	+14	+21	+14	−23	+ 8.8	+14.4	◍

1988-2000
Avg. Category Growth: +14.5%
Base Group Growth: +12.1%

Every household cleaning product has a projected growth rating of average or better, with half qualifying as hot. So store managers shouldn't be surprised to see this department register outstanding growth in the '90s.

Nondemographic factors must, of course, also be taken into consideration. Just what the correlation is between the rise of microwaves and use of oven cleaners remains to be seen.

GROWTH IN USERS, 1988-2000

●	◍	○	●	●
HOT	WARM	AVERAGE	COOL	COLD

Continued on page 54

Source: Mediamark Research, Inc.

WHAT'S HOT, WHAT'S NOT

HOUSEHOLD CLEANERS (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Glass Cleaners (HU)	15.3	−27	+9	+22	+20	−2	−37	+8.7	+13.6	◍
Carpet/Rug Cleaners (HU)	9.5	−3	+7	+14	+23	−14	−30	+8.4	+13.3	○
Oven Cleaners (HU)	5.4	−26	+9	−8	+25	−11	−1	+8.4	+13.3	○
Household Cleaners (HU)	28.5	−8	+10	+18	+8	+3	−37	+7.7	+12.3	○
Floor Wax/Polish (HU)	8.0	−24	+21	+39	+6	−15	−51	+8.2	+12.2	○

*(HU) = Heavy Users

The leaders of the pack are especially popular with homemakers between 45 and 54. A homemaker of that description is 59% more likely than the average homemaker to be a heavy user of drain cleaners (two or more containers in the last six months) than is the average homemaker. Application of this and most other products is relatively sparse among younger under-35 homemakers and among seniors.

HOUSEHOLD SUPPLIES (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Insecticides, Outdoor (HU)*	3.5	−62	−36	+14	+21	+51	+8	+10.0	+17.2	●
Water Conditioners	4.5	−13	−48	−42	+21	+51	+61	+8.6	+16.1	●
Light Bulbs (HU)	19.2	−23	—	+48	+23	−7	−53	+9.6	+15.9	●
Insect Repellents (HU)	8.5	−19	+9	+29	+16	−4	−44	+8.5	+13.3	○
Air Freshener Sprays/ Room Deodorizers (HU)	13.1	−18	+1	—	+16	+9	−10	+8.1	+13.3	○
Rubber Gloves (HU)	5.5	−20	+3	−7	+20	+40	−32	+7.3	+13.0	○
Cellophane/Transparent Tape (HU)	20.2	−39	−3	+46	+23	−2	−43	+7.2	+12.5	○
Insecticides, Indoor (HU)	9.5	−22	+6	−5	−9	+39	−14	+6.4	+11.2	○
Charcoal (HU)	12.2	−1	+51	+23	+5	−30	−74	+6.4	+9.1	⬤

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: +13.5%
Base Group Growth: +12.1%

The apparent laissez-faire attitude of younger homemakers regarding insect control appears to change as they enter middle age. With this middle-aged group forecast to grow fastest in the '90s, bug-bombing will increase in intensity, especially outdoors. What will not grow as fast outdoors, however, is barbecuing, a cooking style that smokes out little enthusiasm among the elderly.

By 2000 there will be a 15.9% increase in the number of heavy users of light bulbs (eight bulbs or more in the last six months), assuring maintenance of the strategic end-aisle locations they frequently occupy.

LAUNDRY SUPPLIES (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Laundry Pre-Treatments/ Pre-Cleaners (HU)*	7.8	−58	+24	+19	+54	−26	−46	+10.1	+15.1	●
Bleach (HU)	21.9	−26	+3	+35	+21	−8	−39	+9.2	+14.3	◍
Soap/Detergent, Fine Fabrics (HU)	10.7	−10	−13	+7	+16	+28	−19	+8.2	+14.1	◍
Fabric Softeners (HU)	17.7	−37	+24	+62	+26	−32	−79	+9.7	+13.8	◍
Soap/Detergent, Regular Laundry (HU)	25.6	−33	+22	+54	+22	−25	−71	+9.3	+13.6	◍
Starch	32.2	−6	+1	+3	+13	+10	−20	+7.7	+12.9	○

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: +14.0%
Base Group Growth: +12.1%

Washers and dryers get their most vigorous workouts in households where the female homemaker is between 35 and 54. This is enough to put the laundry supplies department on the fast track for the '90s.

Laundry pre-treatments and pre-cleaners are especially popular with the 45-to-54 group, 11.9% of whom are heavy users (five or more washloads a week).

PAPER/PLASTIC PRODUCTS (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Waxed Paper (HU)*	5.1	−52	−39	+2	+35	+22	+32	+10.7	+18.1	●
Paper Napkins (HU)	7.9	−56	−33	+29	+27	+12	+10	+11.0	+17.8	●
Disposable Plates (HU)	7.3	−51	−15	+27	+37	+20	−29	+10.3	+16.7	●

1988-2000
Avg. Category Growth: +12.7%
Base Group Growth: +12.1%

Often overshadowed by more glamorous plastic competition, waxed paper may reassert itself in supermarket paper goods departments in the '90s. Not only are demographics in its favor, but it will find new friends as its compatibility to microwave cookery is promoted.

GROWTH IN USERS, 1988-2000

● HOT ◍ WARM ○ AVERAGE ◐ COOL ⬤ COLD

Source: Mediamark Research, Inc.

Continued on page 56

WHAT'S HOT, WHAT'S NOT

PAPER/PLASTIC PRODUCTS (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Plastic-Type Kitchen Wrap (HU)	18.4	−30	−11	+14	+26	+16	−18	+ 9.2	+15.2	●
Disposable Household Wipes	16.3	−23	−21	− 7	+16	+29	+13	+ 8.5	+14.7	●
Facial Tissues (HU)	26.4	−46	−14	+12	+ 9	+22	+ 4	+ 9.0	+14.7	●
Paper Towels (HU)	20.9	−40	—	+12	+25	+16	−25	+ 8.9	+14.5	◍
Plastic Sandwich/Food Storage/ Freezer Bags (HU)	13.3	−32	−12	+ 9	+ 8	+31	− 8	+ 8.3	+14.1	◍
Aluminum Foil (HU)	12.2	− 4	− 4	+20	+14	+ 2	−27	+ 8.4	+13.7	◍
Oven Cooking Bags	13.8	−12	+ 6	—	+19	+ 2	−18	+ 8.0	+13.0	○
Disposable Cups (HU)	6.7	−42	+15	+49	+ 1	− 1	−53	+ 8.6	+12.8	○
Plastic Garbage Bags/Trash Can Liners (HU)	45.0	− 3	+ 6	+ 2	+ 7	− 3	−13	+ 7.6	+12.2	○
Toilet Paper (HU)	33.9	− 1	+13	+27	+ 4	− 8	−45	+ 7.7	+11.9	○
Pre-Moistened Cleansing Wipes	16.2	+68	+78	−18	−36	−40	−61	+ 2.2	+ 2.6	●
Disposable Diapers	12.0	+160	+95	−34	−57	−63	−77	− 0.8	− 1.9	●

*(HU) = Heavy Users

Although not the purpose for which they are designed, some of the other products on the list will also benefit from popularity as microwave accessories: disposable plates, plastic-type kitchen wrap, paper towels and oven cooking bags.

The two categories that bottom out the list are, appropriately, premoistened cleansing wipes and disposable diapers. As there will be substantially fewer female homemakers in the 18-to-34 range in 2000 compared to today, so too will there be fewer babies with a crying need for either of these products.

PET PRODUCTS (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Dog Food, Canned	14.4	−33	−11	+22	+28	+ 2	−16	+9.8	+15.7	●
Dog Food, Moist	6.1	−30	−12	+23	+12	+20	−18	+8.9	+14.6	●
Dog Biscuits/Treats	18.9	−24	—	+26	+16	+ 4	−31	+8.8	+14.0	◍
Flea/Tick Care Products for Dogs/Cats	24.1	−15	+ 4	+32	+13	+ 3	−45	+8.4	+13.3	○
Dog Food, Dry	28.7	−17	+10	+33	+15	− 7	−48	+8.5	+13.1	○
Cat Food, Canned	13.9	− 3	+ 3	+23	+12	−13	−28	+8.4	+13.1	○
Cat Food, Moist	7.8	+ 2	+ 3	+20	+ 8	− 7	−28	+8.0	+12.7	○
Cat Food, Dry	20.6	+ 3	+14	+34	− 4	−20	−38	+7.7	+11.5	○
Cat Litter	15.9	+22	+20	+22	+ 7	−23	−50	+7.3	+11.1	○
Cat Treats	6.8	+61	+10	+ 9	− 9	− 6	−41	+5.8	+9.8	●

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: +12.9%
Base Group Growth: +12.1%
Never mind how old the dog or cat is. How old is the owner? Most of the time the answer is likely to be somewhere between 35 and 44.

For cats, the 35-to-44 group are the best customers for canned, moist and dry food as well as cat litter. Slack performance among that other fast-growing group (45-to-54), however, suppresses the prospects for these products to the average level. And cats who look to 18-to-24s to toss them treats will be disappointed to learn of this group's dim demographic prospects.

Products to feed dogs find favor with both the 35-to-44 and 45-to-54 groups, pushing their forecast up to the top o: the list.

SOAPS, NON-LAUNDRY (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Heavy-Duty Hand Cleaner	17.4	− 5	−10	− 1	+20	+25	−18	+8.0	+13.9	◍
Automatic Dishwashing Detergent	44.2	−26	+ 4	+23	+12	+ 3	−29	+8.5	+13.5	◍
Dishwashing Liquid (HU)*	10.8	−43	+15	−18	+ 3	+15	+ 6	+7.1	+11.6	○

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: +13.0%
Base Group Growth: +12.1%
Almost half of female homemakers use automatic dishwashing detergent. The number of users should grow over the next decade as the incidence of washers grows and as the heavy-using 35-io-54 group grows in number.

GROWTH IN USERS, 1988-2000

●	◍	○	●	●
HOT	WARM	AVERAGE	COOL	COLD

Continued on page 58

Source: Mediamark Research, Inc.

WHAT'S HOT, WHAT'S NOT

TOBACCO	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Pipe Tobacco[1]	3.0	−33	−29	+16	+17	+18	+36	+8.4	+14.7	●
Cigarettes[2] (HU)*	11.7	−14	+ 6	+25	+24	+13	−55	+6.4	+11.6	◍
Cigars[1]	4.4	+15	− 3	+ 3	+ 1	—	−18	+5.3	+10.1	○
Cigarillos/Little Cigars[2]	1.8	+10	+26	−19	+16	−17	−27	+4.5	+ 8.3	●
Disposable Lighters[2] (HU)	12.4	+22	+20	+ 4	—	− 7	−51	+3.6	+ 7.4	●
Chewing & Smokeless Tobacco[1]	6.3	+75	+13	−58	−10	− 2	−19	+1.2	+ 4.9	●

[1] Men [2] Adults *(HU) = Heavy Users

1988-2000
Avg. Category Growth: +9.5%
Obviously, the prospects for growth of the individual categories in this group over the next decade are influenced by factors more complex than changing demographics. But that does not deny that demographics comprise the stage on which any changes will be acted out.

Incidence of pipe smoking has traditionally increased with age, just as use of chewing and smokeless tobacco has decreased.

DAIRY

DAIRY (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Cottage Cheese (HU)*	9.1	−55	−29	−10	+19	+20	+47	+9.8	+16.2	●
Cream Cheese (HU)	7.6	−36	− 8	+15	+26	+ 2	−10	+9.5	+15.2	●
Spread Cheese	26.3	−24	− 7	+10	+27	+ 3	−13	+9.1	+14.8	●
Butter (HU)	6.9	+ 7	− 7	+11	+31	+ 6	−35	+8.6	+14.4	◍
Cheese, Natural/Imported (HU)	7.2	−15	+22	+23	+39	−41	−46	+9.3	+13.8	◍
Margarine (HU)	18.3	−16	− 5	+21	+ 5	+11	−21	+8.2	+13.4	◍
Dough Products, Refrigerated (HU)	10.4	− 4	− 7	+23	+ 4	+ 3	−18	+8.3	+13.3	○
Yogurt (HU)	13.6	− 5	+13	+33	+14	−23	−44	+8.5	+12.8	○
Sour Cream (HU)	5.4	+16	− 4	+20	—	+11	−33	+7.4	+12.4	○
Orange Juice (Not Frozen) (HU)	8.3	− 3	+14	+34	+ 3	−11	−49	+7.8	+11.9	○
Milk, Fresh (HU)	29.9	− 8	+21	+31	+ 6	−14	−52	+7.7	+11.7	○
American, Pasteurized, Processed Cheese (HU)	16.7	− 6	+26	+16	+ 9	−29	−34	+7.6	+11.3	○
Ready-to-serve Dips (HU)	4.6	+72	+ 5	+ 9	+ 7	− 7	−51	+6.3	+10.8	●

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: +13.2%
Base Group Growth: +12.1%
Cottage cheese shows substantial incremental increases in heavy usage up the age scale from 4.1% among female homemakers 18-to-24 all the way up to 13.3% among those 65 and over. Mostly a steady if staid performer in the dairy department, cottage cheese looks like a category whose decade—the '90s—has come.

Almost as hot are the prospects for cream cheese and spread cheese, both of which have their strength anchored in the exploding 45-to-54 age slot.

Both butter and margarine will gather heavy users faster than stores will gain female homemakers. Neither has many advocates, however, at either the high or low end of the age scale.

The reliance of dips on 18-to-24s, whose incidence of heavy usage is outstanding, bodes poorly for its future as that age group shrinks.

PRODUCE

PRODUCE DEPT. (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Dried Fruit (HU)*	7.4	−47	−44	− 2	+17	+47	+36	+9.7	+17.1	●
Fruit, Fresh (HU)	30.6	−45	−16	+10	+15	+29	− 1	+9.0	+15.0	●
Vegetables, Fresh (HU)	29.4	−34	− 7	+15	+19	+24	−23	+8.8	+14.6	●

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: +15.6%
Base Group Growth: +12.1%
The produce department appears poised to continue its surge through the next decade. Produce is often a store's signature department, first in line and therefore charged with communicating image.

GROWTH IN USERS, 1988-2000

● HOT ◍ WARM ○ AVERAGE ● COOL ● COLD

Continued on page 60

Source: Mediamark Research, Inc.

FROZEN FOOD

FROZEN FOODS (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Chicken, Breaded (HU)*	4.6	−15	−17	+33	+18	−18	− 5	+10.0	+15.5	●
Vegetables, Plain (HU)	10.2	−37	− 3	+23	+32	+ 8	−34	+ 9.5	+15.3	●
Ice Cream/Milk/Sherbert (HU)	21.3	−38	−12	+38	+14	+ 7	−23	+ 9.7	+15.2	●
Vegetables, Prepared (HU)	16.0	−38	− 4	+19	+ 9	+ 3	− 6	+ 8.9	+14.0	◍
Seafood (HU)	10.0	−25	− 8	+11	+ 7	+21	−11	+ 8.2	+13.7	◍
Desserts (HU)	7.7	−27	−12	− 1	+ 4	+13	+16	+ 8.4	+13.7	◍
Main Courses (HU)	13.3	+12	−12	+19	+ 6	− 8	− 8	+ 8.5	+13.6	◍
Pizza (HU)	13.6	+25	+ 1	+37	+18	−24	−50	+ 8.6	+13.4	◍
Orange Juice (HU)	11.4	− 8	+10	+45	+ 8	−29	−42	+ 8.9	+13.0	○
Breakfasts	3.8	+ 4	+15	+14	+24	+ 6	−60	+ 7.5	+12.4	○
Complete Dinners (HU)	11.6	+ 3	−12	+ 3	−12	− 5	+25	+ 7.8	+12.4	○
Waffles	29.8	−14	+15	+12	+ 2	−14	−16	+ 7.7	+11.7	○
Pancakes/French Toast	15.0	+11	+ 7	+13	− 8	−10	−15	+ 7.2	+11.2	○
Ice Cream Novelties	44.6	+ 8	+27	+13	− 1	−20	−39	+ 6.7	+10.2	●
Snacks, Hot	19.2	+29	+44	+ 2	− 6	−33	−46	+ 5.5	+ 8.1	●

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: +12.8%
Base Group Growth: +12.1%

Nineteen of the categories displayed in the frozen food case are analyzed here, with nine promising above-average performance over the next decade based on demographic factors, and only three registering as below average.

Regular ice cream draws much of its strength from homemakers aged 35-to-54, so it's no surprise that this category is projected to increase its user base by a hot 15.2% before the year 2000. In contrast, ice cream novelties are most favored by those 25-to-34, the group likely to nurture popsicle-prone children. The number of these households will melt over the next decade, chilling the growth rate for novelties at the same time.

Among the section's heaviest sales hitters, both plain and prepared vegetables promise above-average growth, along with main courses and pizza. Other anchors, such as orange juice and complete dinners, will show a growth rate that's respectably in line with the overall increase in the number of female homemakers.

MEAT

REFRIGERATED MEATS (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Liver Sausage (Liverwurst)	12.0	−49	−34	−12	+34	+49	+19	+9.6	+17.1	●
Turkey, Whole, Frozen	11.9	−49	− 8	+ 4	+44	+24	−23	+9.6	+16.1	●
Turkey, Whole, Fresh	8.7	−45	− 5	+20	+25	+27	−33	+9.1	+15.0	●
Bacon/Breakfast Strips (HU)*	17.8	−10	− 5	+14	+17	+17	−30	+8.3	+13.8	◍
Hams, Canned (HU)	4.3	−58	− 5	−11	+10	+56	− 3	+7.7	+13.7	◍
Sausage (HU)	23.8	−23	+ 1	+ 9	+16	+ 3	−15	+8.4	+13.6	◍
Meat, Fresh or Frozen (HU)	20.8	−25	+10	+39	+13	− 6	−50	+8.7	+13.3	○
Frankfurters/Weiners (HU)	15.6	− 7	+ 9	+31	+ 8	−17	−36	+8.4	+12.7	○
Cold Cuts (HU)	39.3	− 4	+15	+22	+19	− 4	−46	+8.1	+12.6	○
Chicken, Fresh	48.7	−16	+ 6	− 1	+10	+ 1	− 9	+7.8	+12.5	○

*(HU) = Heavy Users

GROWTH IN USERS, 1988-2000

● HOT ◍ WARM ○ AVERAGE ● COOL ● COLD

1988-2000
Avg. Category Growth: +13.4%
Base Group Growth: +12.1%

No longer confined to holidays-only status, turkey—either frozen or fresh—will continue to enhance its big-bird status during the 1990s. Turkey's strength is centered in homemakers aged 45-to-54, a group whose growth by 55.1% during the decade can only help turkeys gobble up an increasing share of meat department sales.

Such non-fresh meat offerings as bacon, canned ham and sausage all rate a warm rating as they maintain their place on the tables of middle-aged family households.

Both frozen chicken and cornish hens should bump along at a steady if below-average rate.

Continued on page 63

Source: Mediamark Research, Inc.

instore
BUSINESS

SEVENTH ANNUAL OPERATIONS REPORT

SERVICE DELI REVIEW

The annual review of service deli operations shows a healthy rise in deli sales, due primarily to an increase in the average amount of each transaction, and to the growth of deli units in operation.

BY DAVID LITWAK, DIRECTOR OF RESEARCH

CENSUS
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SALES, MARGINS & PRODUCT MIX
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Service deli—it's a concept so simple, yet so ripe with potential that you just have to love it. In its pure form, the delicatessen is simply defined as "a shop that sells cooked or prepared foods ready for serving."

Using an extension of the original deli concept, we can add notions such as taking our reputation for high-quality fresh food and preparing those raw ingredients into wonderful finished food products. We can bring in concepts such as value added, upscale, convenience, high margins, image building, changing lifestyles and service.

These concepts serve to enhance the appeal of the department to the operator, and the appeal of the food to the consumer. In the end, the deli is successful to the consumer because of taste, freshness, aroma, eye appeal, image appeal and excitement. It is probably no coincidence that in the dictionary, the word *delicatessen* is directly in between the words, *delicacy* and *delicious*.

In the retailer's own dictionary the word *delicatessen* comes between the words *opportunity* and *profitability*. Of course, in the definition of delicatessen there are the phrases, *labor involvement, sanitation concerns, equipment, adequate promotion, product mix and preparation, and traffic counts.*

In this Seventh Annual Operations Report on Service Delis, SUPERMARKET BUSINESS looks at some of the successes and problems that operators experienced during the last year in their deli operations. Fortunately, the successes have been many, and the opportunities generally make the problems worth tackling.

Sales and units take off

Double-digit growth is a feat that is hard to accomplish for any area of the store. The service deli has managed to exhibit double-digit growth in each of the last seven years. Last year, sales in service deli units grew at the rate of 20.7 percent, with total sales climbing to the $9.56 billion mark.

The growth in total deli sales can be explained on two levels. First, there is a continued emphasis on deli departments on the part of retailers. A deli seems to have become an almost indispensable part of every new store or remodel. In 1988 there were approximately 900 new deli units created, in both remodeled and new stores. Service delis, therefore, have not lost their appeal for retailers, as they are now present in 64.6 percent of all supermarkets.

The deli may be a way for other classes of trade to not only start competing with traditional foodservice operators, but also with supermarkets. Service delis are becoming bigger and are offering more sophisticated products in many of the nation's small grocery and convenience stores.

Especially among convenience stores, the trend is particularly troubling to supermarket operators. Supermarkets may soon be faced with having their deli, which is offering convenience, competing with a more convenient deli in the convenience store down the street. It is imperative that the supermarket begin establishing customer loyalty through unique products and services for its deli department.

An increase in units alone does not begin to explain the huge increase in deli sales last year. While the number of deli units was up, the average sales per unit also increased. The sales per unit increased an average of 15.2 percent, to a new high of $9,332 per unit. The average amount of each deli transaction increased to $3.50, which helps to account for the added deli sales.

The increase in sales per unit is significant because it points to an overall increase in the deli volume done, beyond what can be accounted for by just having more delis. Service deli products are becoming a more important part of America's eating routine.

Lifestyle is certainly a significant factor in the continued success of the service deli. Convenience in meal preparation is still a major factor in food purchasing decisions in today's busy households. Many people care more about the food they eat, but simply can't take the time to prepare it themselves.

It's no wonder that the product mix of the service deli has shifted in recent years. While sliced meat and cheese sales (35.3 percent and 17.7 percent, respectively) still dominate the department, prepared foods have made great inroads. Entrees, both hot and cold, now account for 7.1 percent of all deli sales, pizza is up to 6.9 percent, sandwiches are up to 6.5 percent and chicken and ribs, while down slightly, still total more than 10 percent of the department's total.

One interesting area is the cold salad category. This has traditionally been one of the big three categories in the deli, along with sliced meats and cheeses. This year, the category accounted for 14.6 percent of the department's sales, an increase over the 13.8 percent in 1987. The increase has been caused by an influx of nontraditional products into this traditional category.

The salad category was always considered a side dish category. Basically, it consisted of mayonnaise-based potato salad, cole slaw and macaroni salads, with a few other similar salad variations. If anything, sales of the "big three" salads have leveled off, or declined. Growth has come from a group of more exotic specialty salads, such as tortellini, crab, artichoke and others. The category has been transformed to being partly a main dish category.

Growth in many of the traditional deli categories is being

Continued on page 10A

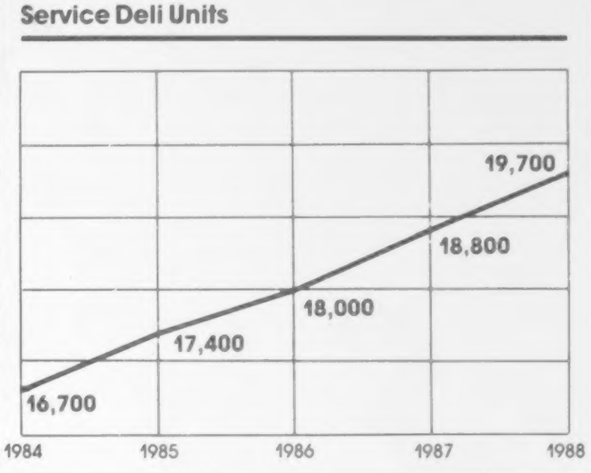
DELI CENSUS

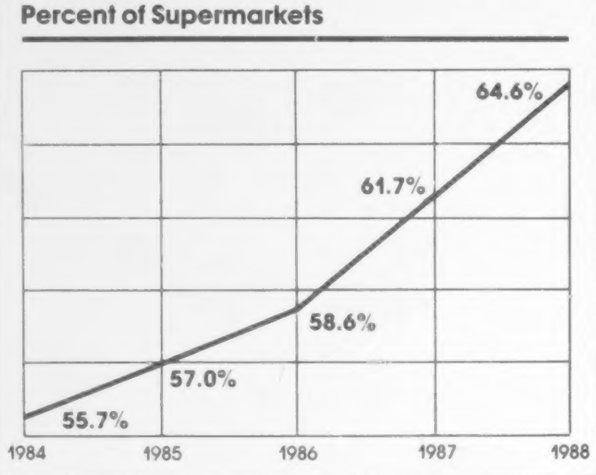
Service delis have gained additional power in the nation's supermarkets by bringing in sales that topped the $9.56 billion mark. There are now delis in almost two out of every three stores.

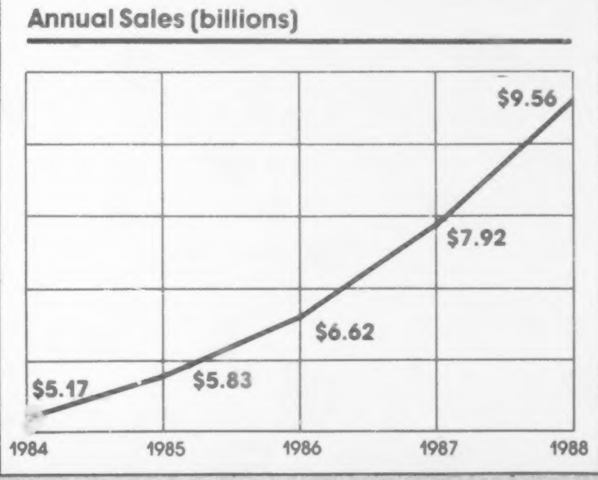
With sales increasing at a rate of 20.7 percent last year, service delis continued to display the stellar growth that has made them the center of many an operator's marketing strategy.

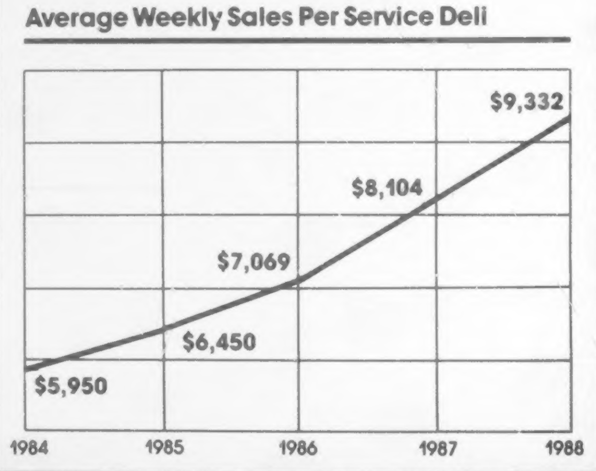
The gain in annual sales was due to both the addition of 900 new deli units in 1988, and an increase in the sales per unit of over 15 percent. Last year, average deli sales were $9,332.

The gain in deli departments in operation is the largest since this annual review was begun in 1983. The momentum of growth in the deli department has not yet peaked, making it still a vital department to the industry's growth.









DELI SALES, MARGINS & PRODUCT MIX

The deli department now contributes more to the store's bottom line than ever before. If your store has a deli, you can expect that 14 percent of your annual profit will come directly from that deli.

If sales and profits are the name of the game, the game may well be called "Deli." After being flat for the last couple of years, the share of store sales that comes from the deli department rose slightly in 1988 to 4.3 percent.

Keeping pace with the increase in share of store sales was a complementary rise in the percent of store profit coming from the deli, which now accounts for 14.3 percent of store profit. In general, the ratio between the percent of store profit to the share of store sales generated by the deli has been about 3.3 to 1.

With dollar sales being higher for 95 percent of the deli units in operation last year, and average gross margins up to over 44 percent, it's easy to see why the deli is so profitable. The addition of prepared foods to many delis increases the profitability, due to their higher margins (about 53 percent).

Average Weekly Sales

Mean **$9,332** Median **$8,550**

By Store Format

Conventional	**$6,882**
Super Store	**$13,346**
Superwarehouse	**$13,822**

Share of Total Store Sales

Mean **4.3%** Median **3.9%**

By Store Format

Conventional	**4.78%**
Super Store	**3.76**
Superwarehouse	**2.15**

Change in Dollar Sales

(1988 vs. 1987)

Higher	**95%**
No change	**4**
Lower	**1**
Total	**100%**
Average reported increase	**13.5%**

Contribution to Store Profits

Mean **14.3%** Median **15.6%**

Percent of Store Profits

Less than 8.0%	**10%**
8.0–9.9	**13**
10.0–11.9	**21**
12.0–14.9	**31**
15.0 or more	**25**
Total	**100%**

Do You Consider Your Delis

Image/traffic builders	**7%**
Profit centers	**2**
Both	**91**
Total	**100%**

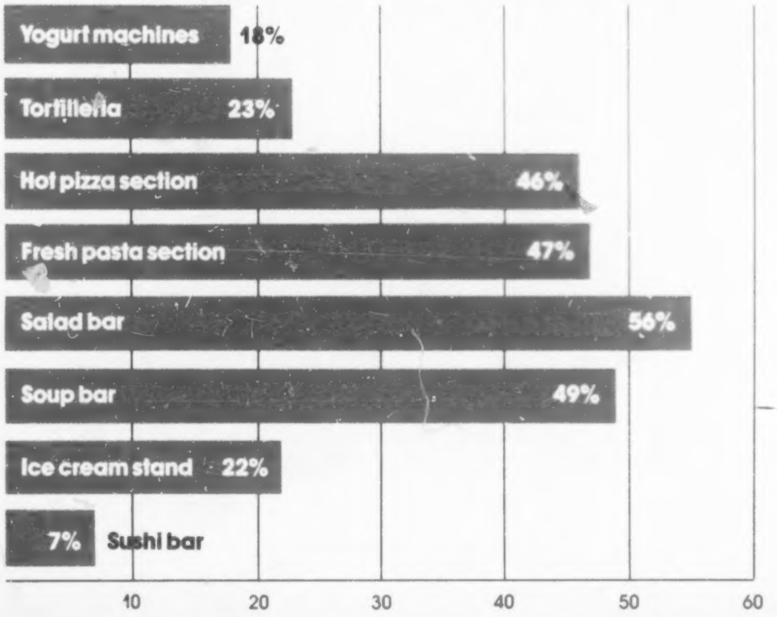
Gross Margin

Mean	**44.6%**
Median	**41.7%**
Less than 35%	**9%**
35–39	**24**
40–44	**36**
45–49	**16**
50 or more	**15**
Total	**100%**

Service Deli Items/ Lines Most Frequently Added or Increased

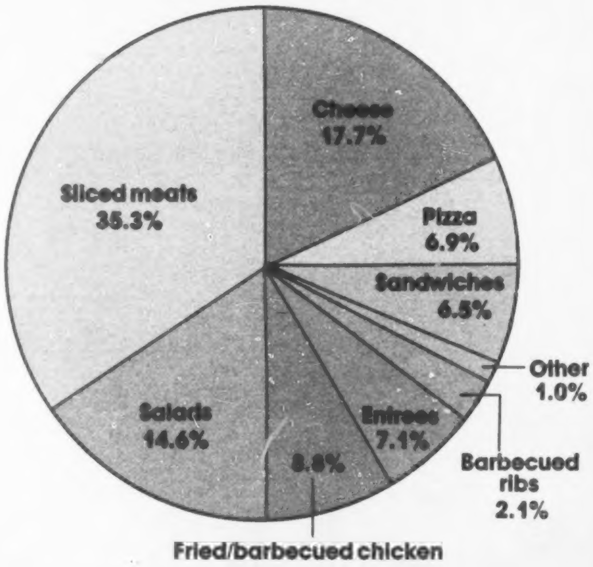
—Refrigerated entrees
—Fresh pizza
—Fresh salads
—Hot foods
—Fresh pasta
—Low-sodium products

Percent of Companies Offering Each Type of Product Section as Part of Service Deli



Portioning Out the Service Deli Sales Dollar

Share of Sales



DELI SPACE, LOCATION & EQUIPMENT

The logic seems to be that if you build bigger stores, put in bigger delis and pack those departments with more and more equipment. Well, so far the logic seems to be working.

If the deli department is now expected to compete with restaurants, specialty shops and caterers, it must be stocked with the type of equipment that will enable it to compete. Retailers are starting to think along those lines. The new equipment coming into the delis tends to be more production-oriented, and no longer just of the type needed to service cold meats and cheeses for the customer.

The average deli is slightly bigger now than it was a year ago. The mean square footage is up to 1,350 feet, with super stores and super warehouses being in the 2,000-sq.-ft. range. Delis took a slightly larger percentage of the total store last year, about 4.1 percent.

The good news is that the weekly sales per square foot for the deli section rose 27 cents in 1988. Each square foot of space given to the deli department will bring in about $6.91 every week on average. If current trends continue, deli sales per square foot should easily break the $7 barrier by the end of this year.

Size of Department

Square Feet of Space

Mean	1,350 Square Feet
Median	1,176 Square Feet
By Store Format	
Conventional	990 Sq. Ft.
Super Store	2,018 Sq. Ft.
Superwarehouse	1,965 Sq. Ft.

Share of Total Store Space

Mean	4.1%
Median	3.7%
By Store Format	
Conventional	4.2%
Super Store	4.9
Superwarehouse	3.3%

The Delibake Concept

Stores Combining Delis and Bakeries into a Joint Delibake Department

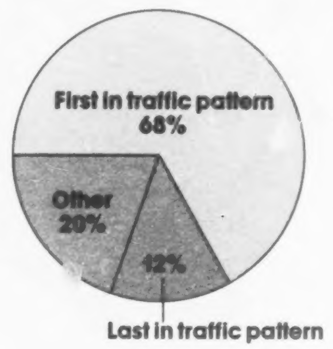
Joint delibake	32%
Separate departments	68
Total	100%

Popularity of Display Case Styles

Percent Likely to Use in Upcoming Installations

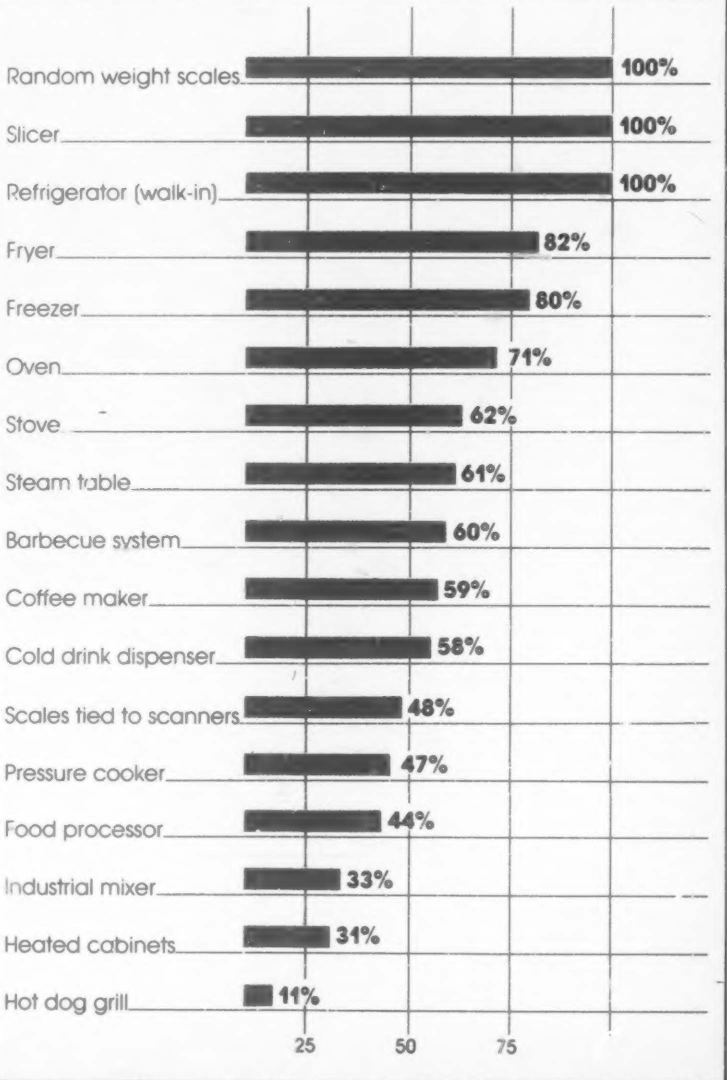
European-style cases	70%
Traditional cases	23
Both	7
Total	100%

Preferred Location for Service Deli



The Well-Equipped Service Deli

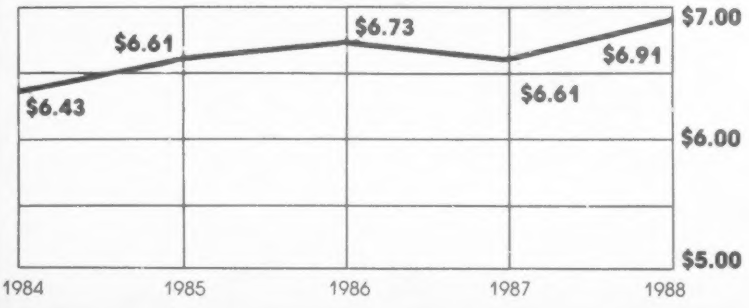
Percent of Stores That Have



Average Weekly Sales Per Square Foot of Space

Mean	$6.91
By Store Format	
Conventional	$6.95
Super Store	6.61
Superwarehouse	7.03

Average Weekly Sales Per Square Foot of Space



DELI LABOR & SERVICE

Labor may soon become the stumbling block to additional growth in the deli section. New deli offerings are becoming increasingly labor intensive, cutting into the sales per employee figures.

In 1988 we began to see just a shadow of a coming trend. While the addition of another full-time equivalent employee did not lower the average weekly sales per employee, it did slow down its growth. Last year the deli section had an average sale of $1,212 per week per employee. This was only slightly higher than the $1,191 each employee brought into the department in 1987.

Luckily, if not somewhat surprisingly, the cost of labor as a percentage of sales actually went down slightly to 22.6 percent. Despite the increased level of prepared foods now offered by the department the percentage given over to labor has not yet begun to rise. The rise in self-service and prepackaged items may well account for low labor costs.

Number of Employees

Full-time	3.6
Part-time	8.2
Full-time Equivalent*	7.7

Full-Time Equivalent Employees

Fewer than 4	7%
4–5	32
6–7	20
8–10	19
11 or more	22
Total	100%

*two part-time = one full-time employee

How Much for Labor

(Labor as a Percent of Service Deli Sales)

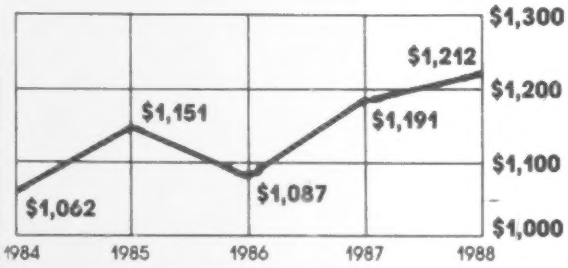
Mean	22.6%
Median	21.4%
10–15%	10%
16–20	29
21–25	34
26–30	19
Over 30	8
Total	100%

Average Weekly Sales Per Employee*

Mean	$1,212
$750 or less	7%
$751–$1,000	18
$1,001–$1,500	44
$1,501–$2,000	23
Over $2,000	8
Total	100%

*Full-time equivalent employees

Average Weekly Sales Per Employee



Special Area for Consuming Foods/Drink From Deli On Premises

Percent of Companies Offering

Have facilities	68%
No facilities	32
Total	100%

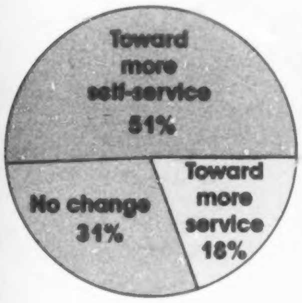
Time for Prep and Service

Breakdown of Labor Hours

Customer service	64%
Other (incl. prep)	36
Total	100%

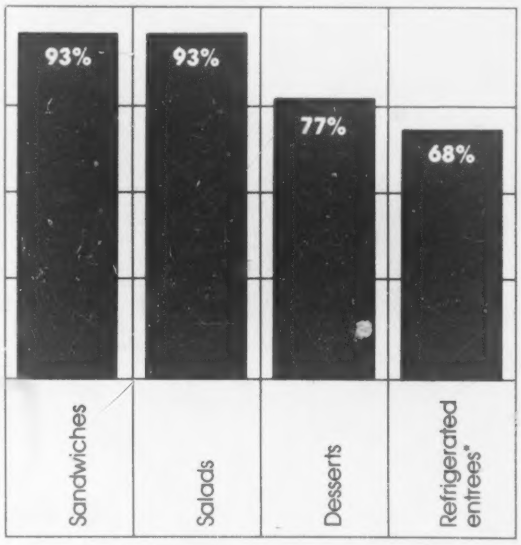
Trends in Service

Direction Deli Directors Expect Their Operations to Move



Offerings of Prepackaged Products in Self-Service Cases

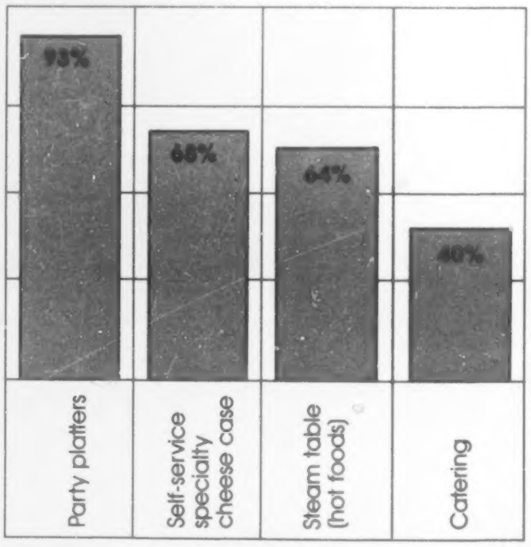
Percent of Stores Offering



*To be heated/microwaved at home

Special Services

Percent of Stores Offering



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spurred by new products. Exotic cheeses and formerly ethnic meats are flooding the national scene, increasing sales in both those categories. Health issues have given rise to vast varieties of low-salt cheeses, and low-fat or poultry-based cold cuts. These products have helped to keep sales of cheeses and sliced meats high.

Profits, sweet profits

For a number of years ,SUPERMARKET BUSINESS has reported on efforts to correct the single most frustrating problem facing instore operators. How do you get more store customers to shop the deli? Unfortunately, we have to report that 1988 saw little improvement in that situation. Last year only 19.2 percent of shoppers made a purchase from the deli. This was only up slightly over the 18.9 percent of a year ago—despite the increased use of newspaper (91 percent use), circular (88 percent use), sampling (93 percent use) and point-of-purchase promotions (78 percent use).

Retailers are promoting their departments: 68 percent say they give their delis an equal or larger share of their advertising and promotion budgets than the department's share of store sales. The products offered are more diversified, generally more appealing, and targeted to specific market, lifestyle and dietary needs. However, there still seems to be a significant portion of the consumer population that will not shop the deli.

What makes this so frustrating? After all, many people don't shop the produce department, or the video rental section, or won't go near the HBA shelves. Simply put, *deli is very, very profitable*.

The deli section last year accounted for 4.3 percent of the total store sales of the stores they were located in. This 4.3 percent of sales generated roughly 14.3 percent of the profit of those stores. Once again, 4.1 percent of sales equals 14.3 percent of total profits. If a retailer can raise his deli's share of store sales to 5 percent, for argument's sake, than if we used the same ratio, that deli would account for 15.9 percent of store profits. If the rest of a store's department sales just stayed at the same level, without even increasing, an increase in deli sales would significantly raise the store's bottom line.

Deli sales are so profitable for a number of reasons. First, deli products usually carry margins that are among the highest of any food products in the store. The average gross margin of the deli department last year was 44.6 percent. This is low compared to some of the newer products, such as many of the foodservice-oriented products. Many prepared food products sold through the deli have margins that are in the mid-to-high 50 percent range.

Another contributing factor is labor costs. Last year, an average of 22.6 percent of the sales of the department went to cover labor costs. As service departments go, 22.6 percent is not terribly high for labor. The average department is now operating with an extra worker, having a total of 7.7 full-time equivalent employees. Each employee brings in about $1200 a week in sales.

What keeps the service deli out of trouble in the labor cost sector is self-service. The service deli is becoming both more

DELI PRODUCTION & SUPPLY

There's an old adage in the food business—sometimes it's better to buy it than make it! Many retailers seem to be adhering to that philosophy, turning to foodservice suppliers for many of their deli products.

Whether the product is better when brought in from the outside, or they don't have the facilities, help or the time, operators are increasingly going outside for some of their products.

Sixty-two percent say that they do get prepared foods from foodservice manufacturers, and 58 percent also go to foodservice wholesalers and distributors for some of their products. This balances out nicely with those that produce some products instore, from scratch (55 percent). Smart operators realize that a good balance is needed between instore production and foodservice production.

Commissaries

Percent of Companies Having Company-Operated Commissary From Which Stores Order

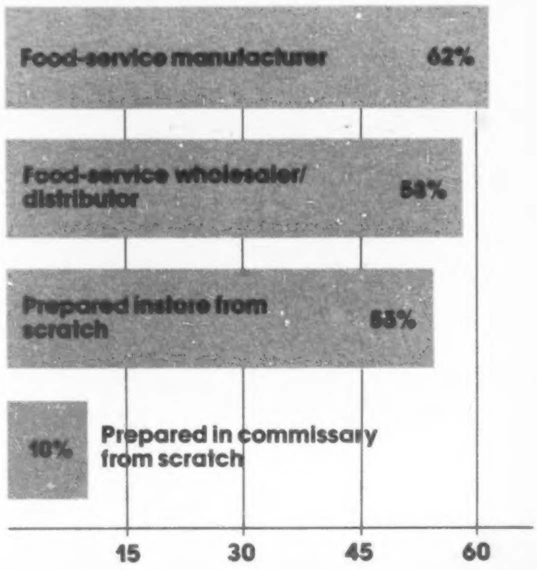
Have commissary	24%
Do not have commissary	76
Total	100%

Main Function of Commissary

Preparation from scratch ingredients	61%
Ordering from food-service suppliers	39
Total	100%

Sources of Service Deli Salads

Percent of Stores Using



service and self-service oriented at the same time. Retailers report that about 51 percent of their operations are moving toward more self-service, while 18 percent are going to more service operations. The other 31 percent will not change their operations significantly.

With more sliced meats and cheeses being prepackaged instore, and more entrees being packaged and refrigerated for self-service, operators are able to save labor costs on some of their most profitable items. What has caused the amount of labor to increase is that many retailers are preparing more products instore.

Two possibilities exist for this preparation not to show up as an increase in labor costs as a percent of sales. The extra labor involved in instore preparation is often offset by increased sales. Secondly, many retailers have not classified labor associated with preparation of food products as a service deli cost. Therefore, labor costs behind the counter may be going down, while labor costs behind the kitchen wall may be escalating. Look for labor to become more of a factor in deli operations.

In short, 1988 was a pretty good year for supermarket service delis. Sales were up, units were up, square feet were up, promotions were up, new products were up—and labor costs were down. We're selling more, and enjoying it more. Problems still exist in the industry as a whole, and for those individuals who may not be doing as good a job. The level of operational and merchandising sophistication in the deli departments varies greatly from those operators who run small cut cheese and cold-cut departments, to those who operate vast foodservice centers. As the accompanying statistics suggest, either of these operations can be successful and profitable if they are run efficiently, and are appropriate to their market. ▣

DELI MERCHANDISING & CUSTOMERS

The good news is that the average customer transaction is up! The bad news is that the average percentage of store customers shopping the deli isn't! Despite the average transaction amount of each purchase increasing to $3.50, delis still have problems attracting more than 20 percent of store shoppers.

With only 19.2 percent of store customers making a purchase from the deli, the operators are still faced with their traditional frustration—how to get more of their customers to shop the deli department. Given the high margin, and profits of the deli, retailers would love to get as many customers into the department as possible.

Most retailers have used almost every type of advertising and promotion method to lure customers to the department. About 68 percent say that the share of advertising and promotion support given to the department is equal to, or more than the share of, store sales the department generates.

One solution that retailers are turning to is increased promotional and advertising support from deli suppliers.

How Customers Spend

Percent Who Shop the Deli	
Mean **19.2%**	Median **17.4%**

How Much They Spend	Mean $3.50
Under $2.00	**8%**
$2.00–$2.99	**28**
$3.00–$3.99	**32**
$4.00–$5.99	**22**
$6.00 or more	**10**
Total	**100%**

Delis' Share of Ad Space Compared to Share of Sales

Greater	**32%**
Less	**32**
Equal	**36**
Total	**100%**

Advertising and Promotion Sell Service Deli

	Percent Using
Sampling	**93%**
Newspapers	**91**
Point-of-Purchase	**88**
Circulars	**78**
Radio	**51**
Television	**33**

How Retailers Rate the Promotion and Advertising Help from Deli Suppliers

Excellent	**18%**
Good	**42**
Fair	**33**
Poor	**7**
Total	**100%**

Where Retailers Need More or Better Quality Help from Deli Suppliers

	Companies Wanting More Help	Companies Wanting Better Help
Instore demos	**68%**	**53%**
Point-of-purchase materials	**53%**	**22%**
Deli coupons	**64%**	**20%**
Ad allowances	**80%**	**29%**

WHAT'S HOT, WHAT'S NOT

GENERAL MERCHANDISE

AUTO SUPPLIES (BASE = ADULTS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Anti-Freeze (HU)*	18.0	− 6	− 2	+12	+18	+13	−32	+6.2	+11.4	○
Motor Oil (HU)	21.6	− 8	+ 7	+12	+21	+ 1	−33	+6.2	+11.0	○
Motor Oil Additives	12.1	+ 1	+ 1	+ 2	+ 2	+ 2	− 8	+5.4	+ 9.9	○
Gasoline Additives	14.6	—	+16	+ 9	—	− 8	−27	+5.1	+ 9.0	●
Car Wax/Polish (HU)	8.8	+35	+13	+18	−23	−18	−41	+3.7	+ 6.9	●

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: +9.6%
Base Group Growth: +10.4%
The important motor oil and anti-freeze categories promise to hold their own over the decade, with growth in users approximating that in population.

Prospects are dimmer for car wax and polish, a category that seems to lose its luster with age (the car owner's age, that is).

GENERAL MERCHANDISE (BASE = ADULTS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Indoor Plant Food[1]	29.2	−36	−16	− 6	+21	+20	+14	+9.0	+15.0	●
Greeting Cards (HU)*	24.9	−26	−10	− 7	+13	+18	+24	+6.7	+12.1	◍
Batteries[1] (HU)	21.1	−32	+21	+55	+ 9	−22	−62	+8.9	+12.9	○
Removable Self-Stick Notes[1]	18.3	−13	+22	+29	+19	−14	−59	+8.2	+12.4	○
Writing Instruments (HU)	5.3	−12	+10	+41	+10	− 8	−54	+6.5	+10.9	○
Pantyhose[2]	66.4	+ 1	+ 8	+12	+12	− 4	−30	+5.4	+ 9.7	○
Books (HU)	16.1	−19	+28	+19	+13	−19	−42	+5.9	+ 9.6	○
Video Tapes, Bought (HU)	9.7	−11	+27	+32	+19	−23	−65	+5.6	+ 9.5	○
Film (HU)	21.6	+ 3	+22	+19	+10	−14	−56	+5.1	+ 9.1	●
Video Tapes, Rented (HU)	7.8	+22	+31	+46	+12	−55	−88	+5.4	+ 8.6	●
Watches, Bought	20.6	+23	+25	− 8	− 1	−26	−48	+4.1	+ 7.5	●
Blank Audio Tape/Cassette	17.1	+38	+23	+29	− 6	−37	−72	+4.1	+ 7.3	●
Prerecorded Audio Tape/Cassette	17.3	+30	+31	+32	− 5	−45	−74	+4.2	+ 7.1	●

[1] Female Homemakers [2] Women *(HU) = Heavy Users

1988-2000
Avg. Category Growth: +10.5%
Base Group Growth: +10.4%
The number of heavy users of greeting cards (bought eight or more cards in the last 30 days) is projected to increase by 12.1% between 1988 and 2000. Much of this growth can be attributed to an upsurge in the number of greeting card loyalists 55 and over. Recognizing the implications of this major demographic realignment, Ambassador is introducing a "Young At Heart" line described by the company as "the first card line for today's 55+ market." Such demographic targeting for the future is a concept that seems certain to spread.

Both blank and prerecorded audio tapes and cassettes are bought predominantly by adults under 35. As the number of young adults contracts over the next decade, these tapes will feel a dampening effect. Rental of video tapes is a relatively new habit of young adults, and the degree to which they will replay this habit as they grow older remains to be seen.

HEALTH AND BEAUTY AIDS

BABY/CHILDREN'S HBA (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Baby Oil	22.4	+60	+49	—	−17	−42	−51	+4.5	+6.4	●
Baby Powder	27.4	+67	+48	− 6	−22	−35	−48	+4.0	+5.9	●
Teething Remedies	9.2	+127	+58	[illegible]	−32	−33	−47	+1.5	+4.5	●
Baby Shampoo	16.8	+76	+81	[illegible]	−36	−53	−71	+2.4	+2.5	●
Baby Lotion	13.0	+105	+70	−20	−48	−34	−61	+1.3	+1.7	●

1988-2000
Avg. Category Growth: +1.7%
Base Group Growth: +12.1%
As go baby foods, so go baby (and children's) health and beauty aids. For all 13 categories shown here the forecast for growth in users is a universal c-o-l-d.

GROWTH IN USERS, 1988-2000

● HOT ◍ WARM ○ AVERAGE ● COOL ● COLD

Continued on page 64

Source: Mediamark Research, Inc.

WHAT'S HOT, WHAT'S NOT

BABY/CHILDREN'S HBA (BASE = FEMALE HOMEMAKERS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE						GROWTH IN USERS (VS. 1988, IN PCT.)		
		18-24	25-34	35-44	45-54	55-64	65+	1995	2000	
Pain Relievers/Fever Reducers, Children's	25.1	+36	+100	+24	−54	−70	−83	+2.8	+1.6	●
Children's Cough Syrup	15.9	−40	+104	+26	−57	−71	−89	+2.5	+1.1	●
Children's Cold Tablets/Liquids	16.1	+37	+103	+34	−60	−72	−92	+2.6	+1.1	●
Vitamins, Children's	15.9	−46	+111	+25	−63	−76	−92	+2.0	+0.8	●
Baby Ointments	11.9	+96	+92	−24	−48	−55	−65	+0.9	+0.3	●
Soap, Baby's	9.3	+117	+90	−38	−46	−44	−69	+0.1	−0.2	●
Liquid Baby Bath	6.2	+162	+81	−29	−46	−55	−80	−0.1	−0.3	●
Baby Nursers	5.8	+176	+108	−56	−52	−65	−80	−1.9	−3.3	●

The two categories with the brightest outlook—baby oil and powder—share a common characteristic. Both have found a welcome outside baby's room in adult medicine chests. Among the mostly babyless 45-to-54s (whose number will grow by 55.1% between now and 2000), 18.6% use baby oil and 21.3% use baby powder. Aware of this, many stores already award these products a second location away from the baby HBA section.

COSMETICS (BASE = WOMEN)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE						GROWTH IN USERS (VS. 1988, IN PCT.)		
		18-24	25-34	35-44	45-54	55-64	65+	1995	2000	
Lipstick/Lip Gloss (HU)*	25.8	−26	−20	+ 3	+40	+23	− 1	+7.6	+13.8	●
Face Creams/Lotions (HU)	4.1	−44	−26	−28	+19	+48	+51	+7.1	+13.3	●
Facial Toners	27.6	− 3	+ 3	+10	+19	− 5	−21	+5.9	+10.6	○
Foundation Makeup (HU)	8.7	+12	− 3	− 3	+21	− 8	−12	+5.6	+10.5	○
Pressed Powder (HU)	21.9	+14	−20	−15	+ 2	+ 5	+25	+5.5	+10.5	○
Perfume/Cologne (HU)	19.9	+ 3	—	− 4	+16	+ 1	−11	+5.5	+10.2	○
Facial Cleansers (HU)	10.2	+ 6	+ 2	+20	− 2	−21	−11	+5.6	+ 9.6	○
Nail Polish Remover (HU)	9.2	+ 6	+24	+ 1	+14	−45	−13	+5.3	+ 8.7	●
Loose Face Powder (HU)	4.1	+74	−38	−41	−18	−11	+51	+3.7	+ 8.6	●
Complexion Care Products (HU)	10.2	+22	+ 9	+18	− 8	−16	−31	+4.5	+ 8.2	●
Nail Polish (HU)	9.1	+ 6	+28	− 7	+ 1	−21	−20	+4.2	+ 7.5	●
Eye Liner (HU)	6.4	+82	+13	+12	+11	−49	−69	+3.3	+ 6.9	●
Eye Shadow (HU)	11.5	+49	+21	+22	− 3	−30	−66	+3.4	+ 6.7	●
Blusher (HU)	11.9	+40	+25	− 6	—	−28	−40	+3.3	+ 6.5	●
Mascara (HU)	7.0	+51	+40	− 5	+ 9	−40	−67	+2.7	+ 5.5	●

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: +9.1%
Base Group Growth: +10.3%
By the year 2000 there will be 8.3% fewer woman aged 18 to 24 and 16.6% fewer aged 25 to 34. Small wonder then that a product sector that relies so greatly on these groups appears to have a relatively blotchy future.

Five categories cluster at the bottom of the list with cold forecasts. Typical is blusher, with 16.6% of younger adults describing themselves as heavy users (seven or more times a week). The rate is less than half that among women 55 or older. Categories like this seem doomed to below-average growth rates unless they expand their constituencies to include more older women.

But there are some brighter spots on the face of cosmetics' future. Both lipstick and lip gloss as well as face creams and lotions shape up as hot categories in the '90s, as over-45s seek out both skin maintenance and appearance enhancement in their own style.

FIRST AID/SKIN CARE (BASE = ADULTS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE						GROWTH IN USERS (VS. 1988, IN PCT.)		
		18-24	25-34	35-44	45-54	55-64	65+	1995	2000	
Athlete's Foot Remedies (HU)*	3.8	− 1	− 4	−21	+43	+ 9	−11	+6.3	+12.1	◍
Wart/Corn Removers	6.5	−29	− 9	−23	+14	+18	+42	+6.6	+11.9	◍

1988-2000
Avg. Category Growth: +9.3%
Base Group Growth: +10.4%
Heavy usage of athlete's foot remedies peaks with the 45-to-54 group, whose membership will swell by 54.6% between 1988 and 2000, thereby helping to escalate its sales prospects.

GROWTH IN USERS, 1988-2000

● HOT ◍ WARM ○ AVERAGE ● COOL ● COLD

Continued on page 68

Source: Mediamark Research, Inc.

WHAT'S HOT, WHAT'S NOT

FIRST AID/SKIN CARE	PERCENT WHO USE	USE BY AGE (VS. AVERAGE) BY PERCENTAGE						GROWTH IN USERS (VS. 1988, IN PCT.)		
(BASE = ADULTS)	(1988)	18-24	25-34	35-44	45-54	55-64	65+	1995	2000	
Body Powder (HU)	8.3	− 1	−15	−33	+ 6	+36	+29	+5.2	+10.7	○
Adhesive Bandages (HU)	16.1	−11	−10	−13	− 7	+25	+27	+5.4	+10.3	○
Cotton Swabs (HU)**	23.4	+25	+39	+15	+ 1	−35	−55	+6.3	+ 9.2	◉
First Aid Products (HU)	3.6	− 6	+ 7	− 5	− 7	−10	+14	+5.3	+ 9.2	◉
Lip Balm (HU)	10.2	+33	+18	−11	—	−20	−31	+3.7	+ 7.3	●
Sunburn Remedies (HU)	3.2	+77	− 1	− 7	−12	−23	−38	+2.8	+ 6.7	●
Suntan/Sunscreen Products (HU)	10.7	+38	+21	− 7	− 9	−21	−37	+3.3	+ 6.6	●

*(HU) = Heavy Users **Female Homemakers

Categories dependent on young adults dominate the bottom of the growth list, as fewer young adults will be on the scene to shop for them in 2000. (The number of adults 18-to-24 and 25-to-34 will shrink by 8.2% and 16.2%, respectively.) These trends cast a shadow over the prospects for lip balm, sunburn remedies and sunscreens. Putting demographics aside, however, the general trend toward better skin care among adults of all ages should more than counteract the drag from changing age distribution.

HAIR CARE, MEN'S	PERCENT WHO USE	USE BY AGE (VS. AVERAGE) BY PERCENTAGE						GROWTH IN USERS (VS. 1988, IN PCT.)		
(BASE = MEN)	(1988)	18-24	25-34	35-44	45-54	55-64	65+	1995	2000	
Hair Tonic/Dressing	17.6	−39	−50	−18	+12	+70	+88	+8.0	+15.3	●
Hair Coloring Products	6.9	−40	−29	−23	+32	+46	+59	+8.1	+15.0	●
Hair Spray (HU)*	4.3	−14	−19	+ 7	+37	+33	−26	+7.6	+14.4	●
Hair Conditioning Treatment	7.3	−11	+11	+ 8	−11	− 1	− 6	+5.5	+ 9.4	◉
Shampoo (HU)	54.0	+38	+28	+10	−15	−37	−62	+3.5	+ 6.3	●
Hair Conditioners (HU)	22.1	+57	+25	—	−19	−39	−58	+2.7	+ 5.5	●
Hair Mousse (HU)	6.0	+74	+26	− 4	−12	−58	−65	+2.5	+ 5.3	●

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: + 10.2%
Base Group Growth: + 10.6%

By the year 2000 there will be 8.0% fewer men 18-to-24 and 15.7% fewer 25-to-34, a trend destined to suppress the sales rate for men's hair care products that are excessively dependent on these groups as buyers and users. This explains why shampoo, hair conditioners and hair mousse are all rated as cold prospects for growth.

Older gentlemen—a group that will increase in number—prefer hair tonics and dressings as well as hair coloring, so both will do well in the '90s.

HAIR CARE, WOMEN'S	PERCENT WHO USE	USE BY AGE (VS. AVERAGE) BY PERCENTAGE						GROWTH IN USERS (VS. 1988, IN PCT.)		
(BASE = WOMEN)	(1988)	18-24	25-34	35-44	45-54	55-64	65+	1995	2000	
Hair Coloring Products (HU)*	5.9	−11	−57	−24	+15	+24	+80	+7.8	+14.5	●
Home Permanents	18.8	+ 1	− 7	+12	+18	−18	− 3	+6.5	+11.3	○
Depilatories (HU)	5.8	+28	−11	−36	+ 4	+16	+12	+4.3	+ 9.2	◉
Hair Conditioning Treatment	17.5	+26	+14	− 3	− 7	−18	−20	+3.9	+ 7.4	●
Hair Spray (HU)	10.9	+66	− 8	+ 1	−15	− 3	−32	+3.1	+ 7.3	●
Hair Care Accessories (HU)	40.3	+50	+30	+14	−10	−40	−58	+3.0	+ 5.6	●
Hair Mousse (HU)	11.0	+48	+39	+23	−14	−57	−66	+3.0	+ 5.0	●
Hair Conditioners (HU)	33.5	+64	+35	+ 7	−14	−48	−62	+2.3	+ 4.6	●
Shampoo (HU)	41.8	+62	+37	+14	−21	−44	−67	+2.1	+ 4.2	●
Hair Styling Gels/Lotions (HU)	8.3	+99	+34	+ 2	−29	−54	−69	+0.8	+ 2.7	●

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: + 7.2%
Base Group Growth: + 10.3%

The women's hair care section will show lower average growth in the '90s than either cosmetics or miscellaneous women's HBA. For mainstays of the category, such as shampoo and hair conditioners, there is a toboggan slide downward from extremely high usage between the ages of 18 and 24 to only scant usage in the senior years. As the supply of young women contracts in the next decade, so too will the pool of potential users.

The picture assumes a brighter hue for the category that traditionally taps and tops the over 65s—hair coloring products. Even looking beyond the year 2000, the hair coloring potential can be described as, well, golden.

GROWTH IN USERS, 1988-2000

● HOT ◉ WARM ○ AVERAGE ● COOL ● COLD

Continued on page 70

Source: Mediamark Research, Inc.

WHAT'S HOT, WHAT'S NOT

MISC. WOMEN'S HBA	PERCENT WHO USE	USE BY AGE (VS. AVERAGE) BY PERCENTAGE						GROWTH IN USERS (VS. 1988, IN PCT.)		
(BASE = WOMEN)	(1988)	18-24	25-34	35-44	45-54	55-64	65+	1995	2000	
Deodorants-Colognes/Body Sprays (HU)*	5.2	+ 9	−22	−18	+42	+ 8	+ 4	+6.6	+12.7	●
Feminine Hygiene Deodorant Sprays (HU)	4.0	—	−27	+ 8	+18	−11	+22	+7.3	+12.7	●
Hand/Body Cream/Liquid/Oil (HU)	33.7	−22	− 2	− 3	+13	+17	+ 2	+6.1	+11.0	○
Feminine Hygiene Douches/Suppositories (HU)	4.9	+ 5	+ 2	+ 2	+24	−42	+ 6	+6.5	+10.9	○
Personal Care Soaps, Liquid (HU)	18.9	−41	+ 8	+ 2	+10	+ 8	+ 9	+6.4	+10.9	○
Personal Care Soaps, Bar (HU)	29.6	−11	− 7	+ 1	+ 8	+27	− 7	+5.7	+10.8	○
Medicated Skin Ointment (HU)	7.2	−10	−10	+11	−12	− 7	+25	+6.1	+10.3	○
Bath/Shower Additives (HU)	12.7	−10	− 9	−21	− 3	+ 5	+39	+5.6	+10.2	○
Deodorant/Antiperspirant (HU)	5.3	+22	− 2	−13	− 7	+ 2	+ 1	+4.2	+ 8.4	●
Razor Blades	22.5	+ 4	+18	+ 6	− 7	− 3	−26	+4.3	+ 8.2	●
Shaving Cream/Gel	24.6	+13	+16	+12	− 2	− 3	−41	+4.3	+ 8.0	●
Sanitary Napkins (HU)	19.0	+14	+43	+55	− 4	−62	−77	+4.7	+ 6.9	●
Disposable Razors (HU)	17.5	+45	+32	+ 5	−19	−35	−46	+2.6	+ 5.1	●
Tampons (HU)	9.5	+33	+68	+50	−19	−87	−90	+3.0	+ 3.8	●
Premenstrual or Period Pain Remedies	15.7	+110	+40	+25	−33	−79	−89	+0.8	+ 2.1	●

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: + 8.8%
Base Group Growth: + 10.3%

Because most women's HBA products receive disproportionately heavy use from younger women, many categories face restrained growth rates as that pool of younger women dries up somewhat during the '90s. Feminine hygiene products will be most affected, with sanitary napkins, tampons and premenstrual or period pain remedies all crowding near the bottom of the list with cold forecasts.

Many observers see skin care products as outstanding candidates for growth in the next decade as the population ages. Potions for the hands and body (*Note:* See Cosmetics for face creams) find most favor among those 45-to-64, with over 65s close to average. More conversions of women at both ends of the spectrum to skin care awareness could elevate the proportion of the population qualifying as heavy users above the 11.0% growth rate shown here.

Shaving products such as blades and creams will sustain below-average growth for the reasons outlined above for feminine hygiene products.

ORAL HBA	PERCENT WHO USE	USE BY AGE (VS. AVERAGE) BY PERCENTAGE						GROWTH IN USERS (VS. 1988, IN PCT.)		
(BASE = ADULTS)	(1988)	18-24	25-34	35-44	45-54	55-64	65+	1995	2000	
Denture Cleaners	16.5	−87	−81	−48	+23	+101	+166	+10.1	+18.8	●
Denture Adhesives/Fixotives	6.1	−77	−75	−44	+37	+106	+125	+ 9.8	+17.9	●
Mouthwash (HU)*	14.5	−22	−21	− 9	+18	+11	+40	+ 7.3	+13.0	●
Dental Floss (HU)	9.9	−19	+13	+ 4	+13	− 6	−13	+ 6.1	+10.4	○
Toothbrushes (HU)	18.5	—	+10	+18	—	−13	−25	+5.5	+ 9.5	○
Toothache/Gum/Canker Sore Remedies (HU)	2.5	+14	− 7	+ 4	−39	− 1	+24	+4.4	+ 8.0	○
Toothpaste (HU)	18.2	+12	+18	+ 1	− 6	−14	−25	+4.4	+ 7.9	●
Tooth Polish	10.1	+24	+11	− 5	− 6	−16	−16	+3.8	+ 7.4	●
Dental Rinse	10.7	+23	+18	− 3	−11	−18	−23	+3.9	+ 7.2	●
Breath Fresheners (HU)	11.1	+32	+13	− 6	−11	−12	−25	+3.6	+ 7.2	●

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: + 10.7%
Base Group Growth: + 10.4%

As researchers continue to develop ways to keep our teeth in our heads and our bottoms out of dentists' chairs, the forecasts shown here are subject to modulation. The two top gainers based on current usage patterns and demographic forecasts, for example, are denture cleaners and adhesives and fixatives. At present cleaners are used by 43.9% of adults over age 65. If that usage rate drops even as the number of seniors increases, these products may be due for a peak followed by a long-term downturn.

REMEDIES/MISC. HBA	PERCENT WHO USE	USE BY AGE (VS. AVERAGE) BY PERCENTAGE						GROWTH IN USERS (VS. 1988, IN PCT.)		
(BASE = ADULTS)	(1988)	18-24	25-34	35-44	45-54	55-64	65+	1995	2000	
Hemorrhoid Remedies (HU)*	3.1	−49	−40	− 8	+27	+31	+72	+8.9	+15.7	●

1988-2000
Avg. Category Growth: + 11.3%
Base Group Growth: + 10.4%

GROWTH IN USERS, 1988-2000

● HOT ◍ WARM ○ AVERAGE ● COOL ● COLD

Continued on page 72

Source: Mediamark Research, Inc.

WHAT'S HOT, WHAT'S NOT

REMEDIES/MISC. HBA (BASE = ADULTS)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Laxatives (HU)	4.7	−65	−45	−50	+ 8	+37	+156	+8.5	+14.9	●
Indigestion Aids/Upset Stomach Remedies (HU)	13.4	−50	−30	−11	+12	+33	+71	+8.0	+14.2	●
Vitamin Tablets/Capsules/ Liquids (HU)	4.8	−49	−37	−19	+ 3	+74	+64	+7.2	+13.8	●
Medicated Throat Remedies (HU)	4.3	− 8	−23	− 9	+16	+ 6	+34	+6.9	+12.5	●
Pain Relieving Rubs/Liquids (HU)	8.2	−39	−29	−28	−16	+34	+101	+6.7	+12.0	◍
Headache Remedies/Pain Relievers (HU)	34.1	−22	−12	− 6	+ 8	+13	+30	+6.6	+11.9	◍
Nasal Sprays (HU)	3.7	+15	−18	+ 8	+ 5	−25	+20	+6.4	+11.3	○
Sleeping Tablets	3.8	−25	− 5	+ 7	− 3	− 4	+30	+6.7	+11.2	○
Groin Irritation Remedies	2.7	+ 6	−15	+ 1	− 8	+ 7	+17	+5.7	+10.5	○
Cold/Sinus/Allergy Remedies (HU)	13.4	+ 2	− 1	+19	− 4	− 4	−16	+5.7	+10.1	○
Cough Syrup (HU)	7.6	−13	+12	− 5	+ 8	−15	+ 6	+5.8	+ 9.9	○
Diarrhea Remedies	19.6	− 9	+ 2	− 5	−13	+ 2	+21	+5.2	+ 9.3	◉
Asthma Relief Remedies (HU)	2.4	− 5	+ 8	−10	−13	+10	+ 6	+4.7	+ 8.6	◉
Eye Wash/Drops (HU)	9.3	− 1	+ 1	−30	−21	−11	+62	+4.7	+ 8.4	◉
Diet Pills	4.9	+31	+32	+21	−24	−31	−59	+3.3	+ 5.8	⬤

*(HU) = Heavy Users

The remedies section of HBA departments are poised to outperform all other HBA sections on the basis of their promising demographics. Fourteen of the 16 categories presented here demonstrate above-average usage patterns among those 65 and over. For most of those rated warm or hot, usage is also high among 45-to-54s and 55-to-64s.

Laxatives show a classic staircase pattern from the youngest up to the oldest classifications of adults, with only 1.6% of those 18-to-24 defined as heavy users (four times or more in the last 30 days) as contrasted with 12.0% of those 65 and over.

The fast-growing (through 2000) 45-to-54 classification is below average in incidence of use of diarrhea remedies, asthma remedies, eye drops and diet pills, helping to explain their showing at the bottom of the growth rankings.

SKIN CARE/ SHAVING, MEN'S (BASE = MEN)	PERCENT WHO USE (1988)	USE BY AGE (VS. AVERAGE) BY PERCENTAGE 18-24	25-34	35-44	45-54	55-64	65+	GROWTH IN USERS (VS. 1988, IN PCT.) 1995	2000	
Personal Care Soaps, Liquid (HU)*	11.3	− 6	−20	+15	+ 4	+ 3	+17	+7.0	+12.4	◍
Pre-Electric Shave Lotion	10.4	−20	−39	−19	−17	+34	+108	+6.6	+12.3	◍
Personal Care Soaps, Bar (HU)	28.3	−18	− 7	− 6	+10	+21	+14	+6.4	+11.8	◍
Hand/Body Cream/Liquid/Oil (HU)	13.6	−11	−10	− 8	+ 6	+12	+25	+6.3	+11.5	○
Facial Toners	7.8	−17	−14	+ 1	—	+30	+16	+6.1	+11.5	○
Medicated Skin Ointment (HU)	5.1	−25	− 5	+ 8	− 6	+ 4	+29	+6.6	+11.3	○
Disposable Razors (HU)	31.5	+ 1	+ 1	+ 9	+10	− 5	−20	+6.1	+10.9	○
Razor Blades	38.8	+ 2	− 4	+ 6	− 1	+11	−13	+5.7	+10.6	○
Aftershave Lotion/Cologne (HU)	13.0	+11	—	+ 7	+ 7	+11	−40	+5.4	+10.5	○
Shaving Cream/Gel	62.0	+ 7	+ 2	+ 6	− 1	− 4	−16	+5.3	+ 9.8	○
Facial Cleansers	16.7	+24	−10	− 6	−18	+ 5	+11	+4.5	+ 9.0	◉
Deodorants/Antiperspirants (HU)	4.9	+25	+10	−30	+17	+18	−39	+4.1	+ 9.0	◉
Complexion Care Products	18.9	+55	+13	− 9	−33	−35	−13	+2.6	+ 5.4	⬤

*(HU) = Heavy Users

1988-2000
Avg. Category Growth: + 10.5%
Base Group Growth: + 10.6%

The three categories relating to wet shaving all will experience steady growth in the '90s: disposable razors (with an increase in heavy users of 10.9%), blades (+ 10.6%) and shaving creams and gels (+ 9.8%). Because of the high allegiance of men over age 65, pre-electric shave lotion will do even better (+ 12.3%).

Both liquid and bar soaps will benefit from the changing age distribution of the male population.

Slowest growth will come from products with a strong dependence on young men to make purchases. Complexion care products will add only 5.4% more users over the next decade, as fewer young faces are around to require their curative assistance.

GROWTH IN USERS, 1988-2000

● HOT ◍ WARM ○ AVERAGE ◉ COOL ⬤ COLD

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NUTRITION

Are you ready to [illegible]

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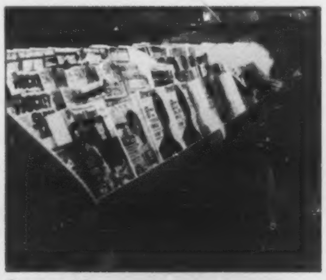

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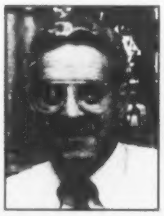

By Ken Partch,
Editor-in-Chief

Waiting For The Other Shoe ...

There is a lot of confusion out in the marketplace, but in some ways things are beginning to become clear. Take the recent moves by Kellogg's and Gerber to provide price protection by sending out checks *in advance* of the planned price increases, based on average previous case movement over a set period of time.

Most of the conversation about these moves centered on whether or not Kellogg's choice of three weeks or Gerber's seven weeks was the correct time frame. Almost none was about why these checks should be accepted at all, since isn't this establishing a precedent that might be applied to price promotions in future, and isn't this an implied form of product allocation and an actual limit on forward buying?

An awful lot of questions come to mind. Such as: What companies will be next to join the practice? Can they make it stick? Wholesalers are screaming that they need forward buying in order to make ends meet. Hank Greenberg, president and CEO of Certified Grocers of Illinois, says his head buyer has a fax machine in his bedroom so as not to miss an hour or a minute on a deal. Hank told this to the audience at the Distributor/Supplier Forum at the NAWGA annual meeting last month in Nashville. Hank assured me later that he wasn't kidding—he meant it literally.

Be that as it may, if the economy goes into recession rather than serious inflation, forward buying could become a lot less attractive, unless we continue with Alice-in-Wonderland marketing, where we make our "shortages" and oversupplies, and our own inflation. It would take a lot of help from OPEC and its friends to achieve another round of inflation *and* recession.

While these strange and portentous events have been happening, the Federal Trade Commission, you may recall, has asked for comments on planned revision of its Guidelines for Advertising Allowances. Specifically, it wants comments on its suggestions to revise the Guidelines which would, in effect, revise the Robinson-Patman Act to eliminate the proportionately equal treatment of buyers in manufacturers' promotions, and would permit sellers to reward customers on the basis of a promotion's *value* to the seller.

One wonders to what pressures FTC is responding in wishing to weaken and eliminate guidelines to Robinson-Patman that it almost never enforces, anyway.

Naturally, NGA and NAWGA have said no to that suggestion. Procter & Gamble, Pillsbury and the Grocery Manufacturers of America have also said no to changing the Guides on the proportionately equal requirement. They also said no to FTC Chairman Oliver's proposal to change a Guide that gives warning to customers that an inducement of discriminatory allowances or services is *per se* illegal, and gives rise to liability on their part as well as the seller's.

The FTC staff proposed a change in one of the Guides to eliminate this sentence: "Also, the purchase of displays or shelf space whether directly or by means of so-called allowances may be considered an unfair method of competition . . ." GMA disagrees, stating: ". . . in today's world, competition usually suffers as a result of such demands. The increasing concentration of power in large buyers is increasing their demand for payment for obtaining space on shelves. Some of these payments are quite large. What is happening is that instead of enhancing competition, new barriers to entry are being erected, foreclosing the smaller underfunded, newer competitor while increasing the market power and dominance of the established, entrenched, well-funded competitor."

(One wonders to what pressures FTC is responding in wishing to weaken and eliminate guidelines to Robinson-Patman that it almost never enforces, anyway. Perhaps it is simply embarrassing to have them around.)

But on to greater questions. For example, I asked the same NAWGA panel a hypothetical question: How would you feel about a requirement or an agreement in principle that after any manufacturer's price promotion there would have to be a return to the "regular" price for a stipulated period of time before the next price promotion could be launched? At first, the panel seemed confused by the question. So I rephrased it so that I was clearly suggesting that deal-to-deal buying with no restriction on case quantity be eliminated. Now this did produce some small response as to how this was impossible with forward buying in a free market. Exactly. But with unrestricted forward buying there really is no "regular" price; there is only the "market" price.

The point here is that we are not now talking about price protection when prices are expected to rise. We are talking about *artificial* buying opportunities not passed on, with no performance required, and

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SUPERMARKET BUSINESS

instore
BUSINESS

SEVENTH ANNUAL OPERATIONS REPORT

SERVICE BAKERY REVIEW

Over 6 billion sold may sound like a fast food slogan, but it's really the dollar sales of the instore bakery in 1988—a year that saw the department's largest sales increase ever!

BY DAVID LITWAK, DIRECTOR OF RESEARCH

There's a story that needs telling in the instore bakery department. It's a story that deals with a department, or rather, a concept. A concept about how a certain type of food can be merchandised, and purchased. The headlines may deal with the sales, but the story tells what built those sales, and why America's shopping habits have changed, at least a little bit.

Saying that 1988 was a good year for instore bakery sales is similar to saying Babe Ruth could handle a bat, or that you could toast marshmallows on the sun's surface. To put it succinctly, 1988 was probably the best year for the department since the first oven made its appearance in a grocery unit.

Everything pertaining to supermarket bakeries seemed to grow last year. That growth either kept pace with, or exceeded, the previous year's growth rate for virtually every aspect of the department. Leading the way were sales.

Sales, perhaps everyone's favorite retail barometer, grew a phenomenal 27.8 percent, topping the $6.11 billion mark during the last year, as opposed to $4.78 billion the year before.

What accounts for the largest growth year in instore bakery history? The fuel for the burst of fire under the bakery department can be explained by examining several different factors—physical and societal, substantial and subtle. Chief among the physical reasons are opportunity and proximity.

Operators realized that the instore bakery, as fully developed as it already was, still presented a wealth of untapped opportunities, in terms of drawing capacity for the store, further profit potential and sheer merchandising possibilities.

In response to these opportunities, retailers continued to add bakeries to new stores and to their remodels. The rate of new department installations has been steady for the last two years, about 6.3 percent a year. With last year's new units in place, there were 20,040 opportunities for patrons to make purchases from a supermarket bakery.

The addition, in 1988, of almost 1,200 new bakery units means that there is one within reach of most of America's shoppers. This is significant for two reasons: first, more and more consumers now have the opportunity to shop an instore bakery within close proximity to their home; second, with a bakery section in 65 percent of all supermarkets, they have become commonplace.

Raising shoppers' consciousness

Having supermarket bakeries virtually everywhere, while taking some of the excitement out of the concept, has the effect of raising shoppers' consciousness of the sections. It can be argued that by becoming more common, instore bakeries have become more accepted. Shoppers who once considered it a novelty to buy something at the supermarket bakery are beginning to purchase instore baked products out of habit.

The sheer number of instore bakeries means that they're in a position to compete for the baked goods dollars in almost every corner of the country. Any instore unit that goes into a locality begins to gather some share of the baked products market that was previously shared by specialty bakers, home baking, packaged goods and other instore bakeries.

Those units that go into areas that have little or declining population growth, with other instore bakery units already there, will wind up mainly resplitting the existing instore bakery sales. Those that are put into growing areas, or areas with few existing instore units, will generate new sales dollars into the total instore bakery sales figures.

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The number of units alone cannot explain the incredible rise in instore bakery sales. The number of units rose 6.3 percent, while total sales climbed at a much higher rate. The additional units, if they were the only reason for the increase, would have raised sales proportionally to the percentage increase in the number of units. For instance, a 6.3 percent jump in units should have increased sales from the 1987 level of $4.78 billion to a 1988 level of $5.08 billion, not the $6.11 billion that was the actual figure for the year.

The answer, in part, lies within the sales of the individual units. Weekly sales per instore bakery rose dramatically last year. In 1988, the average instore bakery had weekly sales of $5,868, which was a 20.3 percent increase over 1987's level of $4,875. Each bakery unit is reporting, on average, $1,000 more in sales in 1988 than it did in 1987.

Eighty-six percent of the retailers participating in the INSTORE BUSINESS Seventh Annual Bakery Review report that their bakery sales were higher last year. The mean increase these retailers reported was 19 percent. The increase ranged from a low of 3 percent to a high of 43 percent, indicating that the levels of department establishment and maturity can vary greatly from one operator to another.

What makes a unit perform

Before going any further, it should be pointed out that by no means did all supermarket bakeries have stellar years in 1988. Some bakeries did not have 20 percent sales increases, as the range of reported sales points out. As a matter of fact, about seven percent of the bakery units in operation last year showed no sales gains over 1987 levels, while another seven percent actually had lower sales last year.

The real question is what makes the individual instore bakeries perform better now than they did a year or two before? Physical factors are easier to talk about; they've been well charted during the seven years that INSTORE BUSINESS has been compiling this review. Each unit is physically made up of facilities,

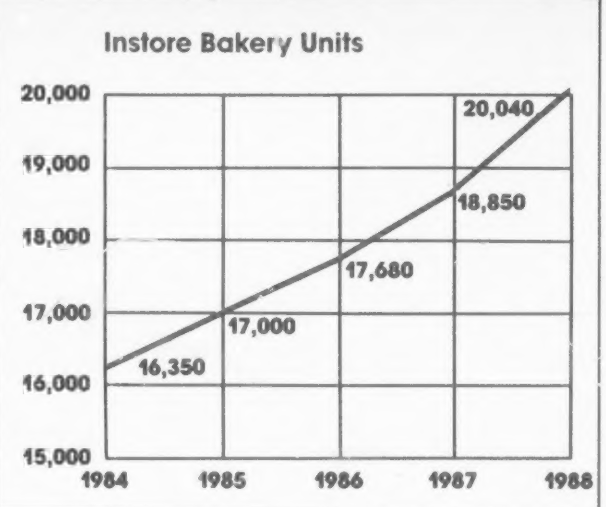
Continued on page 16A

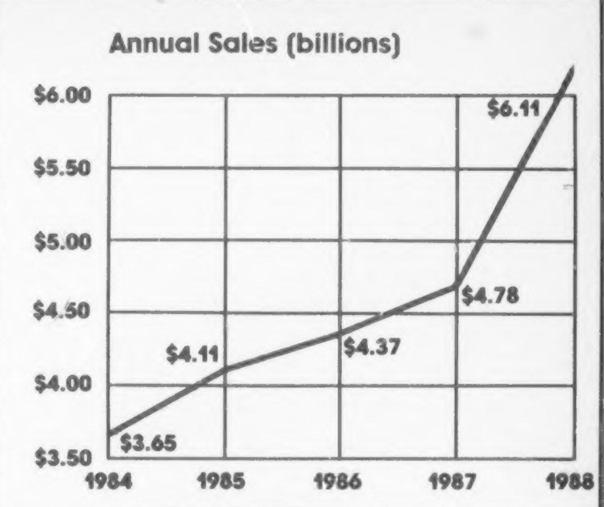
BAKERY CENSUS

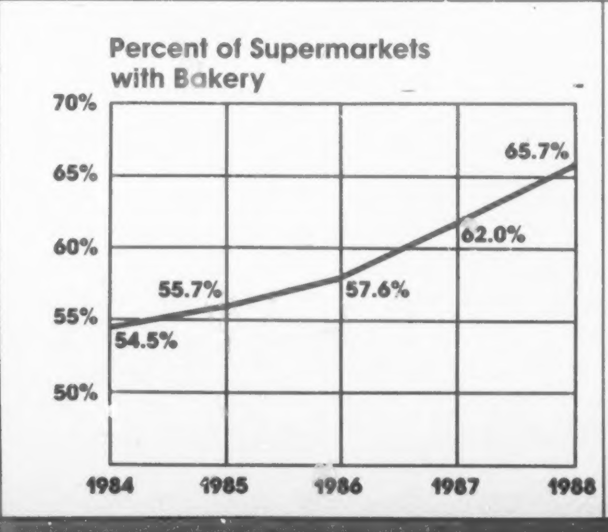
In 1988, instore bakeries earned more sales dollars than ever before, as the number of units grew. They are now in 65 percent of all supermarkets, and are becoming the bakery of choice for more people than ever before.

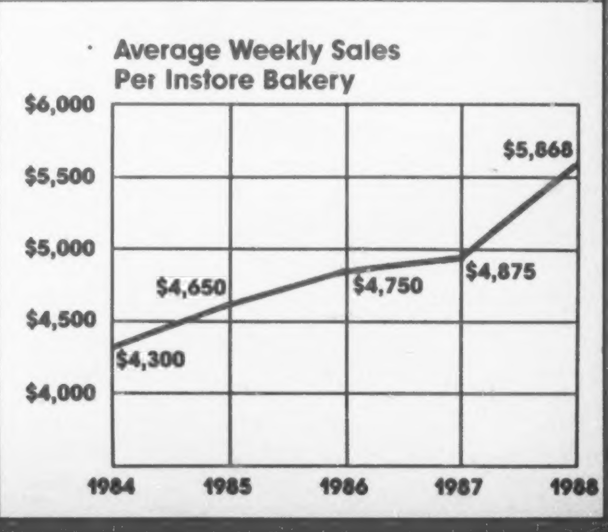
The year 1988 certainly belonged to bakeries. The number of units increased by 6.3% to reach an all-time high of 20,040 instore bakeries. With units operating in 65% of all supermarkets, sales of fresh bakery products skyrocketed.

Instore bakery sales topped $6.1 billion last year, recording the largest increase in the brief history of the department. Sales were up by 27.8%. The gain may represent a fundamental change in the way consumers purchase baked goods.









Is Portion of Store Overhead Allocated Back to Instore Bakeries?

Yes	**52%**
No	**48%**
Total	**100%**

7

BAKERY SALES, MARGINS & PRODUCT MIX

Instore bakery profitability was up last year. The department now accounts for almost five percent of total store profits. Most retailers would agree that a department that can increase sales and bring in five percent of the bottom line was worth the investment in space and labor.

Average Weekly Sales

Mean **$5,868** Median **$5,100**

Weekly Sales By Format

	Mean
Super Store	**$9,691**
Superwarehouse Store	**$6,145**
Conventional	**$4,667**

Change in Dollar Sales
(1988 vs. 1987)

Higher	**86%**
No change	**7**
Lower	**7**
Total	**100%**
Average Reported Increase	**19%**

Share of Total Store Sales

Mean **2.9%** Median **2.7%**

Percent of Total Sales by Format

Super Store	**2.7%**
Superwarehouse Store	**2.2**
Conventional	**4.0**

Contribution to Store Profits

Mean **4.9%** Median **5.1%**

Percent of Store Profits

Less than 3.0%	**25%**
3.0–4.9	**23**
5.0–6.9	**10**
7.0 or more	**42**
Total	**100%**

Gross Margin

Mean **54.9%**	Median **57.3%**
Less than 40%	**19%**
40-49	**29**
50-59	**25**
60 or more	**27**
Total	**100%**

Bakery Items/Lines Most Frequently Dropped or Decreased

—Doughnuts
—Danish
—Croissants

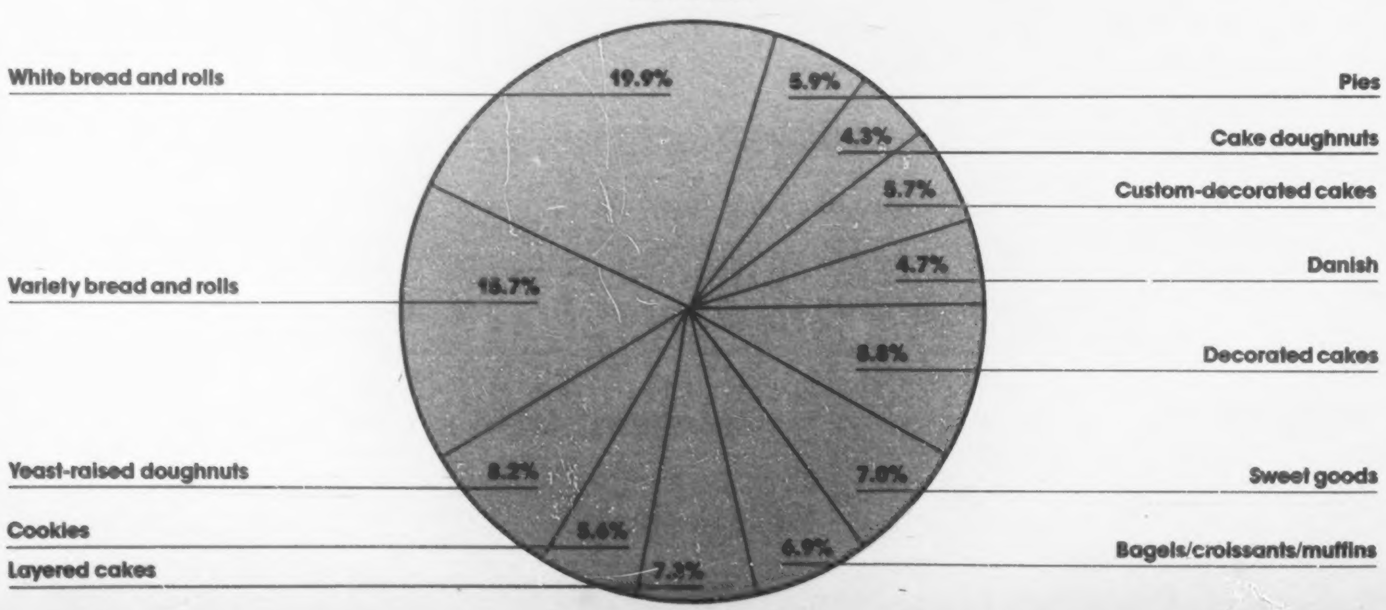
Bakery Items/Lines Most Frequently Added or Increased

—Muffins
—Cookies
—Oat Bran Products
—Grain Breads
—Puff Pastries

Everything about the instore bakery picture was up in 1988. Average weekly sales of the department rose to a new high of $5,868. Increases in weekly sales were seen among bakeries in all store formats. The share of total store sales coming from the section also rose, reaching a level of 2.9%. Bakeries are becoming more and more important to store profits, contributing 4.9% of total store profits, and having average gross margins of 54.9%.

Products offered by the department continue to evolve. While bread and rolls still account for 35% of the department's sales, the influence of these products is not as great as it once was. Slowly, more dessert items, especially decorated cakes and doughnuts, have increased their share of the sales mix. Emphasis, in terms of production, has been placed more on these items, and less on the bread and rolls.

Portioning Out the Instore Bakery Sales Dollar



BAKERY LABOR & SERVICE

Despite the addition of an extra employee in most bakery departments, sales per employee rose last year. Higher sales, coupled with small increases in department labor, have helped keep the labor/sales ratio down in the bakery.

The increase in bakery sales has necessitated the addition of an extra full-time equivalent employee in the average bakery unit. With an increase in production capabilities, the cost of this extra employee is easily absorbed by product sales. The cost of labor as a percent of sales has decreased, plummeting more than 2 percentage points to 31.2%, from the high point of 33.9% a year before.

Retailers are pleased with the current levels of service in their instore bakeries. The average employee spends about 41% of his time engaged in customer service. In the future, more products will probably be offered as packaged, self-service items.

Number of Employees

Full Time	**4.6**
Part Time	**6.6**
Full Time Equivalent*	**7.9**

Full-Time Equivalent Employees

1–3	**12%**
4–5	**13**
6–7	**43**
8–9	**22**
10 or more	**10**
Total	**100%**

*2 part-time = 1 full-time employee

How Much for Labor

(Labor as a Percent of Instore Bakery Sales)

Mean	**31.2%**
Median	**29.6%**
Under 26%	**15%**
26–30	**42**
31–35	**17**
36–40	**16**
Over 40	**10**
Total	**100%**

Cake Decorating

Percent of Stores Offering

Offer	**81%**
Do not offer	**19%**

Time for Prep and Service

Breakdown of Labor Hours

Customer service	**41%**
Other (incl. prep)	**59**
Total	**100%**

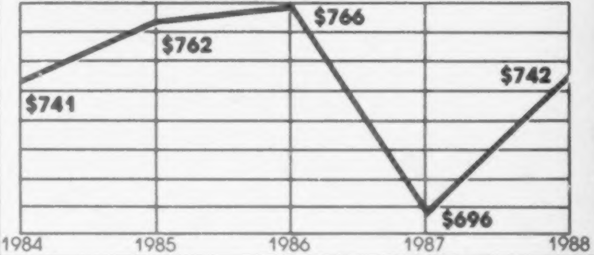
Average Weekly Sales Per Employee*

Mean	**$742**
$500 or less	**6%**
$501–$750	**36**
$751–$1,000	**43**
Over $1,000	**15**
Total	**100%**

*Full-time equivalent employees

Average Weekly Sales Per Employee*

*Full-time equivalent employees



Self-Service Equipment

Percent of Stores That Have

Display tables for packaged self-service	**96%**
Self-service racks (or shelves) without doors	**66**
Roll bins with tongs for self service	**48**
Self-service racks with glass doors	**41**
Free-standing self-service racks (on wheels)	**38**
Self-service refrigerated cases	**31**

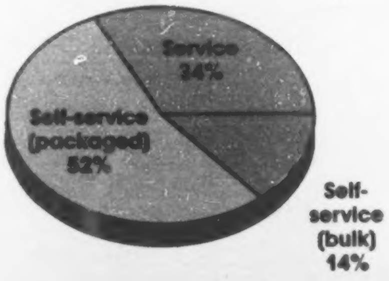
Service vs. Self-Service

Percent of Stores Offering*

Service	**80%**
Self-service (packaged)	**100**
Self-service (bulk)	**43**

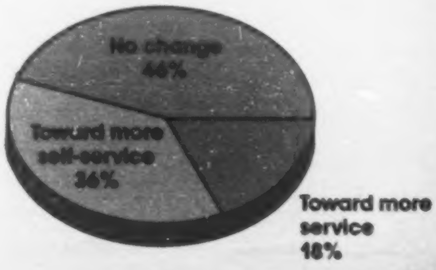
*NOTE: Includes multiple answers

Percent of Instore Bakery Sales



Trends in Service

Direction Instore Directors Expect Their Operations to Move



BAKERY SPACE, LOCATION & EQUIPMENT

The growth in total department sales was able to push sales per square foot of space ($3.81), despite a 12 percent increase in the size of the average unit in 1988. The bakery is expanding to include more prep equipment and more cases for self-service products.

Size of Department

Square Feet of Space

Mean	1,539 Square Feet
Median	1,625 Square Feet

Square Feet by Format

Super Store	2,300
Superwarehouse Store	2,200
Conventional	850

Share of Total Store Space

Mean	5.1%
Median	5.2%

Percent Share by Format

Super Store	5.4%
Superwarehouse	3.8
Conventional	4.8

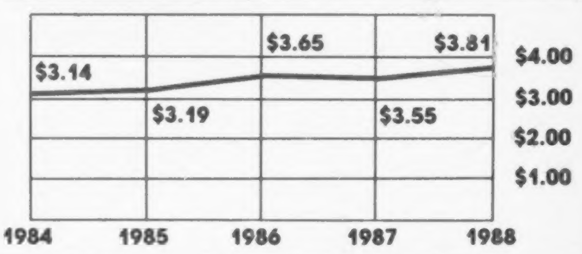
Average Weekly Sales Per Square Foot of Space

Mean	$3.81

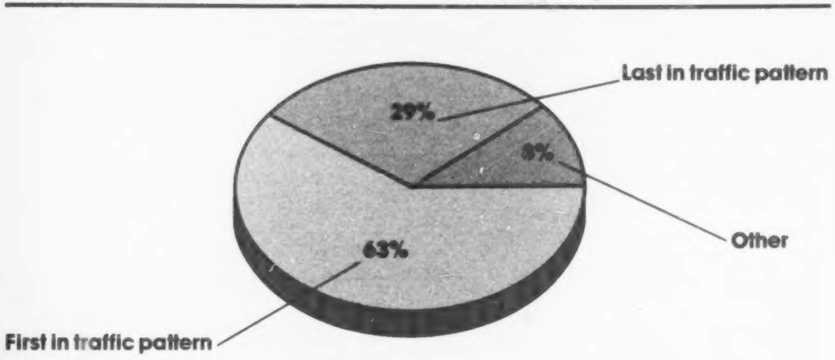
Average Weekly Sales Per Square Foot of Space by Format

Super Store	$4.21
Superwarehouse	$2.79
Conventional	$5.49

Average Weekly Sales Per Square Foot of Space



Preferred Location for Bakery

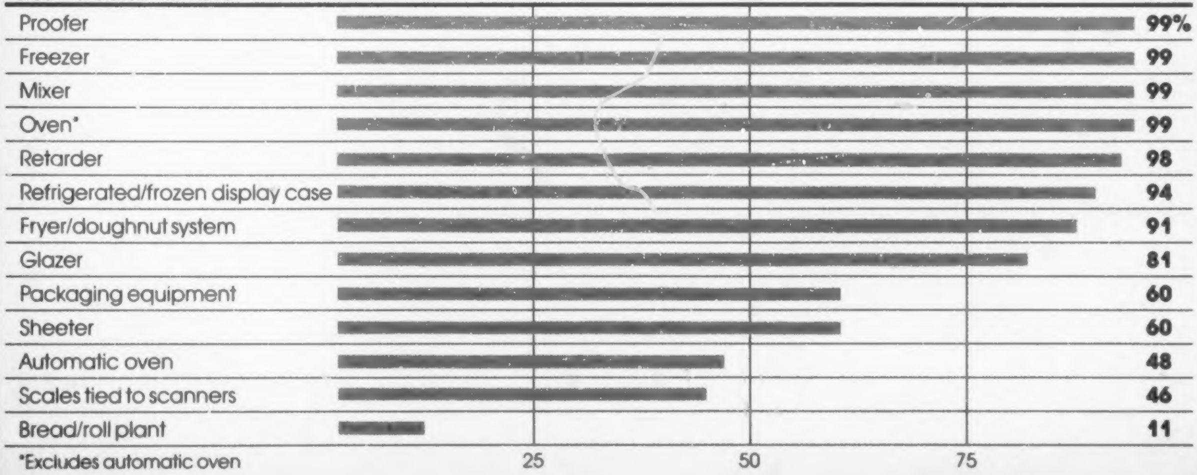


The Delibake Concept

Stores Combining Delis and Bakeries into a Joint Delibake Department	
Joint delibake	30%
Separate departments	70
Total	100%

The Well-Equipped Instore Bakery

Percent of Stores That Have



*Excludes automatic oven

Bakery units continue to get bigger. Last year the average unit took up 1,539 sq. ft. of store space, with units in super stores occupying 2,300 sq. ft.. This generally represents about 5% of the total store.

Each sq. ft. last year brought in sales of $3.81, which is an increase of 8.5%. Did the extra space available help increase the sales per square foot, or would sales have increased anyway, with the extra space only bringing down the sales per foot figure?

With the sophisticated array of equipment that most bakery prep areas now contain, the space is well suited for full-scale bakery production. Operators seem to be more selective in choosing which type of products they will use the equipment on, and which products they will bring in or bake off. Bake-off, while simplifying the production process, can sometimes require more sophisticated equipment to properly control the bake-off process.

Location of Bakeries by Store Format

Percent Located in:	
Conventional	48%
Super Stores	38
Super Warehouse	14
Total	100%

BAKERY PRODUCTION & SUPPLY

While everyone talks scratch, bake-off is still dominant. Whether it's a matter of economics, or time and available skill, the majority of retailers would still rather that someone else do the work. Bake-off, while declining significantly over the years for a number of product categories, is still the major method of production.

If your bakery units are going to produce specialty breads and roll items, you'll probably be baking them off. Bagels, croissants, pies, and bread and rolls are among those items that are most frequently baked off. Mixes dominate the doughnut and muffin categories. Scratch, while gaining prowess among sweet goods, brownies and cookie categories, is still more talked about than actually done.

More and more bakery ingredients are now coming through the grocery warehouse. Last year, 60% of all baking ingredients were supplied through warehouses. While scratch ingredients and mixes are more likely to be bought through bakery distributors or suppliers, bake-off products are as likely to come through a traditional grocery wholesaler (48%), as from a bakery supplier (45%).

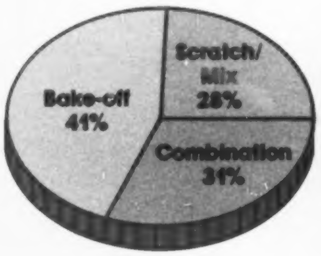
Methods of Production*

*NOTE: Includes multiple answers

	Bake-off	Mix	Scratch
Bread and rolls	**70%**	**39%**	**34%**
Yeast-raised doughnuts	**55**	**59**	**11**
Cake doughnuts	**30**	**75**	**9**
Sweet goods	**64**	**36**	**25**
Cookies	**70**	**14**	**39**
Pies	**82**	**8**	**20**
Layered cakes	**55**	**52**	**14**
Croissants	**80**	**9**	**15**
Brownies	**61**	**43**	**25**
Bagels	**91**	**5**	**3**
Muffins	**43**	**61**	**14**

Major Method of Production

Percent Using



Suppliers to Instore Bakeries

Percent Using*

	Bakery Distributor/ Supplier	Grocery Wholesaler	Ingredients Manufacturer	Wholesaler Baker
Bake-off	**45%**	**48%**	**23%**	**5%**
Mix	**68**	**18**	**39**	**2**
Scratch	**57**	**23**	**35**	**3**

*NOTE: Includes multiple answers

Warehouse vs. Direct Delivery

Percent of Baking Ingredients Supplied

Through warehouse	**60%**
Direct to stores	**40**
Total	**100%**

BAKERY MERCHANDISING & CUSTOMERS

Whether it's the aroma, product mix, or price, the instore bakery has managed to significantly increase its customer base. Last year, more than one of every four store customers did make a purchase from the bakery. This was an increase of almost 10 percent over 1987.

Sampling still remains the most often used, and reportedly the most effective, promotion technique used by bakery units. Along with sampling, point-of-purchase materials, as well as newspaper ads, have helped bakery units increase traffic. These gains are all the more significant because they came at a time when advertising for bakeries decreased. Last year, 36% of operators reported spending a greater amount on bakery advertising than the department's share of sales; previously, 46% of retailers did so.

How Supermarket Customers Spend

Percent Who Shop the Instore Bakery

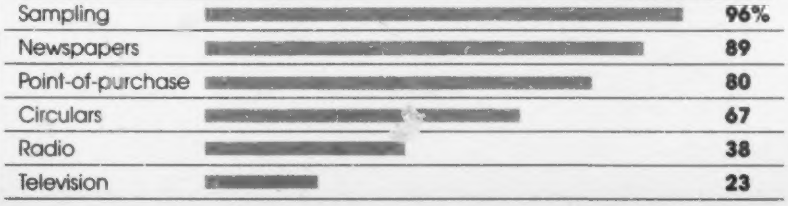
Mean **27.3%** Median **27.9%**

How Much They Spend

Mean **$1.82** Median **$1.67**

Advertising and Promotion Sell Instore Bakery

Percent Using



Bakeries' Share of Ad Space Compared to Share of Sales

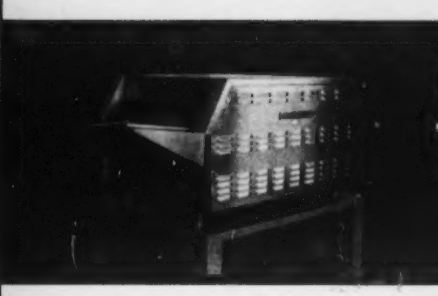
Greater	**36%**
Less	**24**
Equal	**40**
Total	**100%**

Do You Consider Your Bakeries

Image/Traffic Builders	**13%**
Profit Centers	**11**
Both	**76**
Total	**100%**

A Short Course In
Hot Food Merchandising

Build Traffic
With Volume
and Variety



Bake pizza, or bagels, or appetizers, cookies, or biscuits from scratch or frozen dough right on your countertop. The Model SC-18 (18") electric countertop oven is a true bake oven, not a redesigned toaster. It features independent phase-controlled top and bottom heating systems. You can even do cheese melts. We'll help you get started.

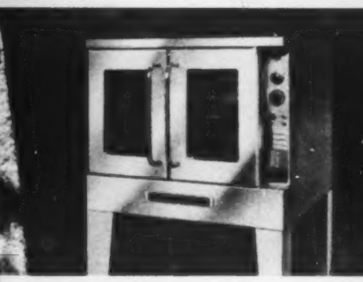
BAKERS PRIDE (800) 431-2745 In NY (914) 576-0200
Call and ask for "The Supermarket."

Start A Profitable
Hot Pizza Program

We can help you keep your equipment costs low, your space requirements minimal. These ovens will fit in 4 square feet or even far less. The bigger P-44 can hold four 16" pizzas, even those baked from fresh dough. The PX-14, which fits in about 2 square feet, will bake off a 12" pie. You can finish other products like croissants and cookies, too. We'll help all the way with advice and guidance.

BAKERS PRIDE (800) 431-2745 In NY (914) 576-0200
Call and ask for "The Supermarket."

Roast A
Side of Beef



Eighty pounds at a time with low shrinkage. The Model X-700 convection oven is not a standard lightweight, but a heavy duty production unit designed to bake or roast tons of food for years and years. The Convection-Flo® System assures improved heat distribution, reduces pie crust edge burning. Heavy duty design and careful engineering will keep it operating reliably. We'll help you with merchandising ideas.

BAKERS PRIDE (800) 431-2745 In NY (914) 576-0200
Call and ask for "The Supermarket."

all for product or production information. We're here to help ou! Call and ask for "The Supermarket." (800) 431-2745 or in Y (914) 576-0200

BAKERS PRIDE

Supermarket/C-Store Division
Bakers Pride Oven Co., Inc.
30 Pine Street
New Rochelle, NY 10801

FREE
COLOR
BROCHURE
AVAILABLE

SEE OUR DISPLAY AT FMI SHOW BOOTH 9031

BAKERY REVIEW

Continued from page 2A

products, labor and merchandising, all of which interact to attract customers.

The physical plant of the average bakery is bigger, and more well developed than in years past. Last year saw an increase in the size of the bakery units. The average unit grew by 9 percent, to 1,539 square feet, including customer service and prep areas. Across the board, the bakery occupies just about 5 percent of the space in most super stores and conventional units, with slightly less proportional space in super warehouses.

As the stores grow, so too does the bakery, both in the back and front sections of the department. That means more areas to display products, more self-service areas, more variety of products in those displays, and more room and equipment to produce those products.

Making the product

A word about producing the goods. The physical realities of making quality, profitable products sometimes blend with the emotional or psychological factors that influence customer purchase behavior. Everybody is always talking scratch and merchandising scratch. Customers perceive scratch as being the best way to make a bakery product. Any other way is viewed as somehow less than completely fresh, or quality-oriented.

The physical reality is that scratch is often *not* the best way to produce most products. The fact is that the majority of instore bakery products are produced either by bake-off, or by mix. Categories such as bread and rolls, and bagels, croissants and pies are primarily bake-off. The time, economics and labor involved necessitate other than scratch preparation.

Labor is still the biggest factor governing bakery operations, and is certainly the major determinant of production method. Labor savings helped push up bakery profitability in 1988. While the number of employees in the bakery was increasing—an average bakery now employs 7.9 full-time equivalent employees—the cost of those employees was declining.

It now costs the average bakery 31.2 percent of its sales to pay for labor costs. This is down 8 percent from the previous year. Labor costs are lower because of increased sales of self-service products, and the more sophisticated production methods and equipment that are available to bakers today. Even with more employees, the average weekly sales per employee in the bakery shot up to $742 last year.

With labor costs down, and sales way up, things look very rosy for profits. The instore bakery last year had a very good profit-to-sales ratio. The average bakery accounted for 2.9 percent of store sales in 1988, which, in turn, contributed 4.9 percent of the total store profits. Bakery products carry high gross margins (54.9 percent).

Nonphysical factors

Retailers are becoming successful in developing bakery purchase habits in some consumers, switching the customers' habits from whatever baked products they had been buying previously.

Product mix is one way the retailer tries to develop buying habits. Constantly changing products to introduce new ones, while keeping old, familiar products are ways operators are building loyalty, while still generating excitement in the departments.

Keeping abreast of consumer trends and responding to them quickly helps to ensure success. For instance, oat bran products were among the most frequently added bakery products last year, keeping in step with what consumers were looking for.

Most merchandising and promotion is done at the unit. Sampling and point-of-sale are the most used forms of promotion, along with newspaper ads.

One indication that the operators are doing a good job is that 27.3 percent of store customers made bakery purchases last year. This is an improvement over the 24.9 percent of the year before. Even though the average transaction amount was the same — $1.82—the additional number of transactions helped raise sales.

Higher sales were also a result of an increased number of bakery units, and a gain in the number of shoppers who made purchases at each unit. IB

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SUPERMARKET BUSINESS

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VOLUME 44/NUMBER 5
MAY 1989

THE ART OF MANAGEMENT

Creative Ways
To Find & Motivate
Good People

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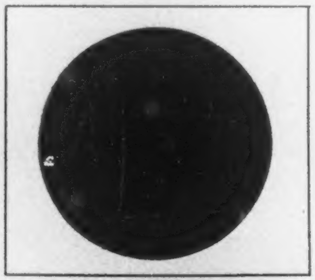
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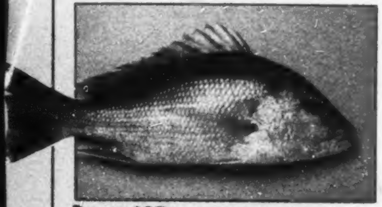
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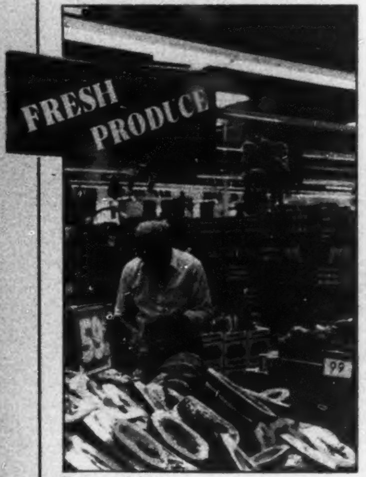

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By Ken Partch,
Editor-in-Chief

WAFC:
New Volcanos Erupt In Hawaii

Although Hawaii is some 2,400 miles from the Mainland, and is known for its volatility, little did I expect that the Western Association of Food Chains would ignite its own volcanos with one provocative speech after another.

At first, I wasn't sure if I had heard correctly, or if I had an earful of water. But, now, because I have since seen it in writing: Bob Aders of Food Marketing Institute did indeed call for the Federal Government to enforce the antitrust laws, as well as to take charge of the solid waste and food safety issues.

Recovering from that shock wave, we were then subjected to a thunderclap from Gene Ellerbee of P&G on the revelation of a new trade abuse—"backhaul diverting." The very next day, Fred Rentschler of Beatrice put us into total wipe-out on the subject of trust and cooperation and the present lack thereof in the industry. This was all too much. I decided to go back to my surfboard—much calmer and safer.

As I am sure you have heard by now, two grocery manufacturers stopped muttering in private and started speaking out about supermarket practices they don't like—practices they think are unfair, at best, and illegal, at worst. Gene Ellerbee, corporate sales manager- West, Procter & Gamble, was the first to speak out, at the Tuesday afternoon forum. (Incidentally, this session has become so popular that, even on a beautiful day at Waikiki Beach, it was SRO.)

Gene mentioned a practice called "backhaul diverting." This is where an operator makes a pickup at a P&G distribution center with a backhaul allowance for a stated location, but then actually sells it at another location of a shorter distance and pockets the difference in freight rates. Gene pointed out that this is a violation of the Motor Carrier Act of 1980, and potentially a violation of the Robinson-Patman Act. That sounds like a wrinkle on the old co-op ad scam, where the operator runs an ad at the "local" advertising rate and tries charging the "national" rate for the co-op allowance.

The next day, Fred Rentschler, president & CEO of Beatrice Co., took exception to the now recurring charge that retailers have to ask for slotting allowances because manufacturers no longer test market their new products. But the important point that Fred made was that these practices, including unfair damage charges at reclamation centers, are destroying the trust that is necessary between both parties in the cooperative effort of serving consumers.

A business as sensitive to consumer attitudes as the food business can't afford to be anything less than 'Mr. Clean.'

He also pointed out that in the retailers' efforts to reduce the profit margins of manufacturers and to increase their own, manufacturers will be left with just two choices: to increase prices or pull back on advertising to consumers. Both would hurt sales and, therefore, hurt retailers.

The point to be made here is that saying these things in public, for the record, is the important thing. Some of the people at the meeting thought these things should not be said in public. But that's where we disagree. Until now, we have thought that we at SUPERMARKET BUSINESS were a voice shouting in the wilderness. Until now, people have been saying that nothing is gained by voicing these things in a public forum, but that they should be dealt with on a face-to-face basis between buyer and seller.

We don't agree. If these were isolated instances, yes. These practices have been going on for years. But when they become the norm, and become the subject of TV talk shows and the daily newspapers, then an entire industry is running the risk of punitive legislation and regulation. It is apparent that on some levels of the industry it is not even understood that some of these practices are illegal. Because as Gene Ellerbee said, when he brought the practice of backhaul diverting to the attention of the top management of these retailers, in every case the violations stopped.

But sometimes abuses and questionable practices become so widespread that even trade associations can't deal with them without general and widespread support and discussion. Perhaps this is why Bob Aders of Food Marketing Institute chose the opportunity during his remarks at WAFC to ask for the federal government to deal with the problems of solid waste and food safety, and to enforce the antitrust laws. As he said, the federal government is the only agency that can deal with problems of this magnitude.

Laissez-faire is fine in a civilized environment of equals. But in a time of great shifts in power, economic warfare and general consolidation only the very powerful are equals in any sense. In between, an awful lot of unequals get trampled or merely bypassed. If you have ever done business in a foreign country, where bribing public officials is the "normal" way of doing business, you quickly realize what a blessing it is to do business on an everyday basis where general honesty and trust is to be expected.

Aders has probably realized

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TRADE SCAN

WAFC: New Volcanos Erupt In Hawaii

It was all too much. I decided to go back to my surfboard—much calmer and safer.

Continued from page 9

that there is a limit to what a trade association can accomplish without the general support of its industry and membership. But to get the laws enforced—just enough to keep the honest guys honest—requires group action and group lobbying. After all, if you don't get the laws enforced, enough to prevent widespread, generalized chicanery, you'll never know whether you are really getting the best deal or not, or all that you are entitled to or not. A free market system, like a democracy, grinds to a stop without general trust and general honesty in everyday business relationships.

Right now, the businessman is something of a folk hero in the U.S. and the world. But it is not going to last, says *The Economist* in its April 15 cover story, "Backlash Against Business." Straws are already in the wind, the magazine says, of a coming anti-business mood. "Public attitudes to business are as cyclical as any other phenomenon," it states. A business as sensitive to consumer attitudes as the food business can't afford to be anything less than "Mr. Clean."

Manufacturers will be left with just two choices: to increase prices or pull back on advertising to consumers. Both would hurt sales and, therefore, hurt retailers.

One thing is certain. The program committee at WAFC deserves a lot of credit for having the nerve and the good sense for allowing speakers to call a spade, a spade. It was a breath of fresh air.

Manufacturer Coupons Registered Double-Digit Growth In 1988

Coupons placed by packaged goods manufacturers in print media increased in number by 14.6 percent in 1988.

According to Summary Scan, a division of The Advertising Checking Bureau, Inc. (Chicago), 252.7 billion manufacturers' coupons were placed in print media last year versus 220.5 billion in 1987.

Three factors were responsible for the increase.

—A 7 percent increase in promotional ads or regional variations of the same ads.

—Increased circulation of freestanding inserts and direct mail properties.

—Growth of multicoupon ads, especially those that offer coupons for tie-in products.

The dollar value of redeemed coupons—on average about 4 percent of those circulated—was $4.66 billion in 1988, including 10 cents-per-coupon handling charge. This represents an increase from 1987 figures.

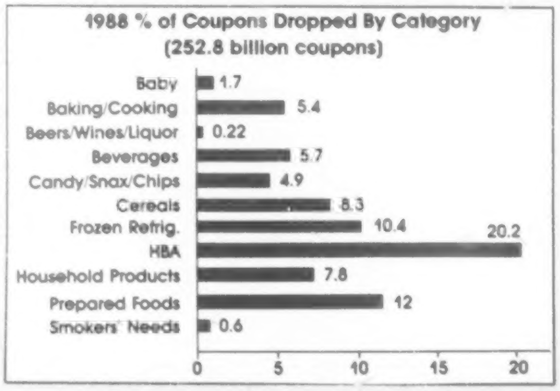
Freestanding inserts accounted for 88 percent of coupons, up from 82 percent in 1987 and 80 percent in 1986. Kermit Myers, director of Summary Scan, credits low FSI space rates during 1988 for the increase.

Comics carried fewer than .1 percent of coupons distributed, while direct mail had 4.42 percent; magazines, 2 percent; Sunday magazines, .1 percent; best food day black and white solos and co-ops, 4.7 percent, instore pass-outs, .5 percent. Because percentages of media may fluctuate relative to one another, a category reporting a smaller share may not actually have a smaller coupon volume.

The most highly couponed category was health and beauty aids, with 20 percent of the total. Following were prepared foods, with 11.9 percent; frozen/refrigerated, 10.4 percent; cereals, 8.3 percent; and household products, 7.8 percent.

The biggest increases came in baby products, up 116 percent to 1.7 percent of all coupons. Other gainers include prepared foods, up 33.6 percent; processed meat, up 24.5 percent; frozen and refrigerated products, up 22.4 percent; HBA, up 21 percent. Categories that dropped fewer coupons include cookies/crackers, down 8 percent; pet foods, down 7.5 percent; and candy/snacks/chips, off 5.2 percent.

Of the 37,748 promotion ads tracked by Summary Scan, 36 percent have an overlay, 27 percent had coupon only and 14 percent referred to "new" or "new-improved." It is noteworthy, according to Summary Scan, that 23 percent of these promotions—a total of 75 million coupons—offered a refund, free offer or other promotional device rather than a classic coupon.



SUPERMARKET BUSINESS Wins Award For Editorial Excellence

Amid the stiffest competition ever, a SUPERMARKET BUSINESS staffer has been honored with a 1989 Jesse H. Neal Certificate of Merit for editorial achievement.

The Neal Awards have been made annually for 35 years by the Association of Business Publishers (ABP).

The award, for "Best Feature," was made to Carol Fensholt, associate publisher of SUPERMARKET BUSINESS Magazine, for her five-part May 1988 technology cover story, *Simplifying Supermarket Communications*.

"Considered the 'Pulitzer Prize' of the business press, the Neal Award is the business publishing industry's salute to individual editors for outstanding editorial excellence," according to William G. O'Donnell, ABP president.

"The contributions of our winners exemplify all that is good about the business press."

This year's entries totaled 774, the highest number to date.

Entries are divided into three classifications, based on publication ad revenue. A total of 19 certificates was presented. Carol Fensholt's award was one of only two presented in the "Best Feature" category in SUPERMARKET BUSINESS's revenue classification.

Carol Fensholt

A nationwide panel of 15 professional journalists and educators judged the competition. Awards were presented at ABP's annual Neal Awards Banquet, held March 1 at the Plaza Hotel in New York.

As Coupons Grow, Promos Slow

While the pace of media couponing increased in 1988, instore promotions grew by less than 5 percent, reversing a trend that was seen in 1987.

According to the Advertising Checking Bureau's Summary Scan division (Chicago), the 5 percent increase in instore promotions compares with a 14.6 percent couponing growth during 1988. Conversely, in 1987, couponing grew just 6 percent, while instore promotions increased 15 percent over 1986.

Kermit Myers, director of Summary Scan, speculates that, with the price of freestanding inserts going up dramatically, and with "little room left on any package to carry any more offers," the growth of both types of deals should "finally" level out in 1989.

More instore promotions—33 percent—were directed at "new" or "improved" products than at any other category.

"Value offers"— which include such promotional categories as coupons, refunds, bonus product or cents off— accounted together for 39 percent of all offers. "Value added" promotions such as self-liquidators, sweepstakes and in-pack prizes accounted for the rest, about 25 percent.

Value offers fell precipitously in 1988 from 48 percent in 1987.

SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO		
	4 WEEKS ENDING 12/30/88	4 WEEKS ENDING 1/27/89	4 WEEKS ENDING 2/24/89
BABY NEEDS	**+ 2.2%**	**− 9.9%**	**− 5.4%**
Baby Powders	+ 0.2	− 7.6	+ 3.3
Baby Oils, Creams & Lotions	+ 2.4	− 16.3	− 11.4
Infant Clothes	− 8.8	− 9.9	− 10.9
Nursing Supplies	+ 4.9	− 2.3	− 0.4
DEODORANTS	**+ 5.1%**	**− 1.6%**	**+ 1.6%**
Sprays	+ 7.6	+ 2.5	+ 5.7
Roll-Ons	− 0.2	− 8.3	− 5.5
Stick Deodorants & Pads	+ 5.7	− 0.2	+ 2.5
Creams	− 4.6	− 12.1	− 14.8
Deodorants & Talcum Powders	+ 4.2	+ 17.6	+ 8.9
Feminine Hygiene Deodorants	+ 61.9	+ 27.6	+ 21.9
Foot Deodorants & Athlete's Foot Remedies	+ 15.0	+ 6.4	+ 7.3
Feminine Douches	+ 3.9	− 6.4	+ 3.2
FIRST AID	**+ 0.4%**	**− 2.4%**	**− 3.0%**
Antiseptics	+ 3.5	+ 0.4	− 3.2
First Aid Products	− 0.4	− 3.2	− 3.0
HAIR CARE NEEDS	**+ 5.5%**	**− 0.4%**	**+ 0.6%**
Shampoos	+ 1.6	− 4.6	− 1.5
Hair Sprays	+ 9.2	+ 6.2	+ 5.7
Hair Conditioning Rinses	+ 12.1	+ 2.9	+ 3.2
Hair Setting Needs	+ 7.7	+ 0.2	− 0.5
Home Permanent Kits	− 9.1	− 11.0	− 9.1
Hair Coloring	+ 5.6	+ 0.3	− 4.0
Hair Dressing Needs	− 4.0	− 11.1	− 11.6
ORAL HYGIENE	**+ 2.2%**	**+ 1.2%**	**− 5.8%**
Toothpastes & Powders	+ 1.0	+ 0.8	− 9.6
Mouthwashes	+ 2.0	− 0.5	− 0.5
Breath Fresheners	+ 10.6	− 4.0	− 2.2
Denture Cleaners	+ 5.0	− 1.1	− 0.4
Denture Adhesives	+ 4.4	− 2.6	− 1.1
Toothbrushes	+ 5.4	+ 4.5	− 1.3
Dental Aids	+ 3.8	+ 12.5	− 3.7
PROPRIETARY REMEDIES	**+ 4.6%**	**− 3.2%**	**+ 2.5%**
Antacids	+ 0.6	− 7.7	− 4.9
Internal Analgesics	+ 3.7	− 4.7	+ 0.1
External Analgesics	+ 6.2	− 4.1	− 3.5
Cold Remedies	+ 10.2	+ 4.0	+ 13.9
Nasal Sprays—Drops—Inhalers	− 2.6	− 6.7	− 5.3
Chest Rubs	+ 4.9	− 7.5	+ 8.5
Cough Remedies	+ 2.1	− 6.4	+ 8.2
Laxatives	+ 6.2	+ 0.4	− 3.1
Sleeping Aids	+ 3.4	− 1.5	+ 2.7
Tranquilizers	− 1.4	− 6.8	+ 9.1
Synthetic Vitamins	+ 11.5	+ 3.8	+ 5.5
Eye Care Products	+ 12.8	+ 5.5	+ 2.5
Appetite Suppressants	+ 10.2	− 11.2	− 23.4
SHAVING NEEDS	**+ 6.5%**	**− 4.1%**	**+ 1.5%**
Shaving Creams	+ 5.9	− 15.3	− 11.2
Pre-Shave Lotions	− 6.7	+ 3.7	+ 9.7
After-Shave Lotions	+ 0.5	− 2.1	+ 1.7
Razor Blades	+ 8.1	+ 0.5	+ 7.2
Razors & Blades	+ 2.6	+ 1.1	− 3.3
SKIN CARE AIDS	**+ 17.4%**	**− 7.6%**	**+ 2.3%**
Hand & Body Creams & Lotions	+ 33.0	− 8.9	+ 2.4
Facial Preparations	+ 8.6	− 1.8	+ 7.9
Lip Care Products	+ 8.7	− 11.5	− 3.6
Suntan Lotions & Oils	+ 57.8	+ 23.0	+ 42.3
Cosmetic & Medicated Skin Aids	+ 2.1	− 3.9	+ 0.9
TOTAL ALL CATEGORIES	**+ [illegible]**	**− 2.3%**	**− 0.1%**

HBA Sales Improve, But Still Trail Year-Ago Volume

Gains among cold and cough remedies contribute to more bullish outlook.

BY ALAN MILLER JR.

Unit volume during the four weeks ending February 24 in the 52 HBA categories shown in the adjacent table were just 0.1 percent behind the level in the corresponding period a year ago. In the January 1989 reporting period unit volume was 2.3 percent lower than in the year before, so there has been a modest improvement in the trend.

Dollar sales also picked up, moving from a gain rate of 2.6 percent in January to an advance of 6.0 percent as of February 24 compared with a year ago. The trend improvement for health and beauty aids was matched in each of the other SAMI product departments in February.

Poundage of shelf-stable foods was ahead in February as compared with a loss of 3.7 percent the month before. A loss of 4.2 percent in January among frozen foods was replaced by a gain of 0.2 percent in February, while a poundage loss of 0.8 percent for refrigerated foods became a gain of 5.3 percent. Finally, in the dry grocery nonfoods group of products a 2.1 percent drop in unit movement improved to a February increase of 0.2 percent.

The February unit loss in HBA categories represented the only four-week negative trend among the five product departments and the 6 percent gain rate on a dollar basis was higher only than the 3.0 percent dollar gain in the case of frozen foods.

Five groups have gains

In the preceding period there was only one product group with a 28-day gain in units and that was for oral hygiene products, with a 1.2 percent increase. In the February reporting period five product groups registered gains and three had losses, topped by a 5.8 percent drop in oral hygiene, which had been a bright spot in January. In the losing column were baby needs (− 5.4 percent) and first aid (− 3.0 percent). The gains were made by deodorants (+ 1.6), hair care needs (+ 0.6), proprietary remedies (+ 2.5), shaving needs (+ 1.5) and skin care aids (+ 2.3).

Among the 52 categories included in our monthly report, 25 showed gains and 27 had losses. This compares with 21 gainers and 31 losers during the preceding months. Also gaining in four-week unit volume were two additional categories for which year-ago volume is now available: personal lubricants (16.0 percent) and home testing kits (+ 34.2 percent). HBA volume also was stronger in February in drugstores, moving from a unit sales loss of 1.7 percent to a gain rate of 1.6 percent between periods.

Three of the four categories of baby needs were in the loss column, but the good news was the return to black ink for baby powders (+ 3.3 percent). Even though in all four categories combined there was a decline of 5.4 percent, this represents some improvement over January, when a loss of 9.9 percent was registered. Currently, the two weakest baby needs categories are baby oils, cream & lotions (− 11.4 percent and infant clothes (− 10.9 percent). The loss among nursing supplies was just 0.4 percent.

Sweet smell of success

Six of the eight personal deodorant categories tracked by SAMI enjoyed unit sales increases in January as high as 21.9 percent in the case of feminine hygiene deodorants, where the new Massengill towelettes are found. There were also increases in excess of 5 percent in the case of deodorants and talcum powders (+ 8.9 percent), foot deodorants and athlete's foot remedies (+ 7.3) and spray deodorants (+ 5.7 percent as a result of new product activity—Speed Spray, Lady Speed Spray and Ban). Current losses were found in the same two categories in which there are negative trends for the full year—roll-

NHMA'S MIDYEAR CUSTOMERS' SHOW. OVER 3 MILES OF PRODUCT DISPLAY AISLES.

JULY 9-11
CHICAGO
NHMA
Contact: National Housewares Manufacturers Association
(312) 644-3333 FAX: 644-3911

NHMA'S MIDYEAR CUSTOMERS' SHOW. TIMED TO SEE WHAT'S NEW AND MEET WHO'S NEW.

JULY 9-11
CHICAGO
NHMA
Contact: National Housewares Manufacturers Association
(312) 644-3333 FAX: 644-3911

SAMI UPDATE

ons and creams—which suffered four-week losses of 5.5 percent and 14.8 percent, respectively.

Both of SAMI's first aid categories had lower volume than in a similar year-ago period. Antiseptics fell 3.2 percent compared with a gain rate of 0.4 percent in January, while first aid products had a loss of 3.0 percent, which is higher than the 2.3 percent decline on a 52-week basis.

Hair care group gains

Only two of the seven categories of hair care needs had increased sales, but since they were in the high-volume categories of hair spray and hair conditioning rinses there was a gain in the product group as a whole (+ 0.6 percent).

There are three categories of hair care needs with losses both for the four-week and the full year: shampoo (– 1.5 percent and – 1.3 percent), home permanent kits (– 9.1 and – 2.6) and hair dressing needs (– 11.6 and – 9.4). Hair setting needs had a loss of 0.5 percent for the short term, but were ahead 2.0 percent for the year, while the four-week loss of 4.0 percent in the hair coloring category compares with a modest increase of 0.3 percent for the 52-week span.

There were four-week loss rates in all seven oral hygiene categories. The four-week volume of toothpaste and powder plummeted nearly 3 million units (– 9.6 percent). Lesser loss rates were found among dental aids (– 3.7) breath fresheners (– 2.2), toothbrushes (1.3), denture adhesives (– 1.1) and denture cleaners (– 0.4).

In the proprietary remedies product group the score was 9 to 5 for gainers over losers on a category basis and in all 14 of these categories combined there was an increase of 2.5 percent. That's about the same as the annual trend for the product group (+ 2.6 percent). The highest gain rate was 13.9 percent for cold remedies, where the increase translates to just under 2 million packages.

Increases were registered in three other categories having to do with coughs and colds—8.5 percent for chest rubs, 8.2 percent for cough remedies and a tiny gain of 0.1 percent among internal analgesics, which are often used for relief of cold and flu symptoms. There were significant gains for both synthetic vitamins (+ 5.5 percent), and natural vitamins, minerals and supplements (+ 7.6 percent), which also show strong performance on an annual basis (+ 7.8 percent for synthetic and + 6.6 percent for natural).

The highest loss rate was a four-week decline of 23.4 percent for appetite suppressants. The other four proprietary remedy categories with lagging sales were nasal sprays-drops-inhalers (– 5.3 percent), antacids (– 4.9), external analgesics (– 3.5 percent) and laxatives (– 3.1).

Three of the five categories of shaving needs enjoyed four-week gains. Pre-shave lotions improved 9.7 percent vs. a loss of 0.3 percent for the year. After-shave lotions were ahead 1.7 percent for the four weeks compared with a 52-week loss of 0.8 percent, but shaving creams were in the loss column for both intervals, with – 11.2 percent for the month and – 2.9 percent for the year. Razor blade sales increased 7.2 percent, but razors and blades were 3.3 percent lower than during the corresponding year-ago period.

Skin care aids revive

Returning to sales improvement were three skin care aids categories that had exhibited declines during the preceding four-week period. Hand and body creams/lotions were ahead 2.4 percent, facial preparations advanced 7.9 percent and cosmetic & medicated skin aids were up 0.9 percent.

Perhaps as a result of a mild winter in much of the country, there have been continuing sales increases in the off-season of suntan lotion and suntan oil. Sales of lip care products fell 3.6 percent behind last year's level, but this was an improvement over the 11.5 percent loss rate found in January. ■